OLD MUTUAL WEALTH'S RETIREMENT INCOME EXPLORER – FULL VIEW

USER GUIDE

OLDMUTUAL WEALTH

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OLDMUTUAL WEALTH

INTRODUCTION

Old Mutual Wealth's **Retirement Income Explorer tool** (RIET) enables you to detail your clients' current and future expenditure, assets, their attitude to risk and their income needs. The tool illustrates the potential sustainability of the client's required income throughout their later life, using a calculated life expectancy. It can compare different options for taking income in retirement, and can bring to life a range of potential future outcomes for their retirement; based on risk appetites, economic scenarios and changes to income profile.

It's a great tool for stimulating discussion, encouraging action and demonstrating the value of your advice.

It should be noted that while the tool complements ongoing advice and suitability, it does not replace the need for them. It is not a cash flow modelling tool, and it **does not offer certainty about the future** – but it does provide a good indication of possible outcomes in the future, using stochastic modelling. You will still need to produce a KFD and KFI for any product which is recommended and/ or reviewed.

Below is an explanation of the different options you can use in the Retirement Income Tool:

QUICK VIEW

The Quick View option provides an initial overview of the new pension options available since April 2015, once a client has reached age 55.

Eight simple questions are asked about the client, their current earnings, existing pension fund, intended retirement age and required income to provide a projected fund value at retirement age.

You can choose to show a range of possible outcomes based on good or poor market conditions (based on our stochastic model), which can be changed easily using a slider. The client's life expectancy and the potential sustainability of the income throughout their later life is shown.

The data entered in Quick View can be carried over into the Full View option, where additional questions will need to be answered and further options are available to show a more detailed forecast.

The Quick View option is explained in the separate user guide 'Retirement Income Explorer – Quick View'.

RISK PROFILER

The Risk profiler is available to help you establish your client's attitude to risk, if you do not already use a risk profiling tool such as the Old Mutual Wealth platform risk profiler. There are 18 attitude to risk questions, and 6 additional questions about capacity for loss which are customisable and can also be asked separately to the attitude to risk questions. A report is generated which your client can sign to confirm their agreement to, following your discussion with them.

Please read the 'Retirement Income Explorer – Risk Profiler' user guide for more information.

FULL VIEW

The Full View option is an advanced planning tool that builds on the calculation approach of the Quick View option. It has three key additional areas of functionality:

- advanced tax planning to target a net income or expense requirement throughout retirement
- additional data entry options
- additional at and in retirement options.

Where the Quick View option shows the gross income or fund at the target retirement date, Full View shows how the available assets and incomes can target a net-of-tax income or goal throughout the client's **whole of later life**.

The client's expenses in retirement for utilities and other living costs can be entered optionally and used as the post-retirement target income. One-off objectives or goals can be entered to provide additional income over a period of time, for a special purchase or holiday, for example.

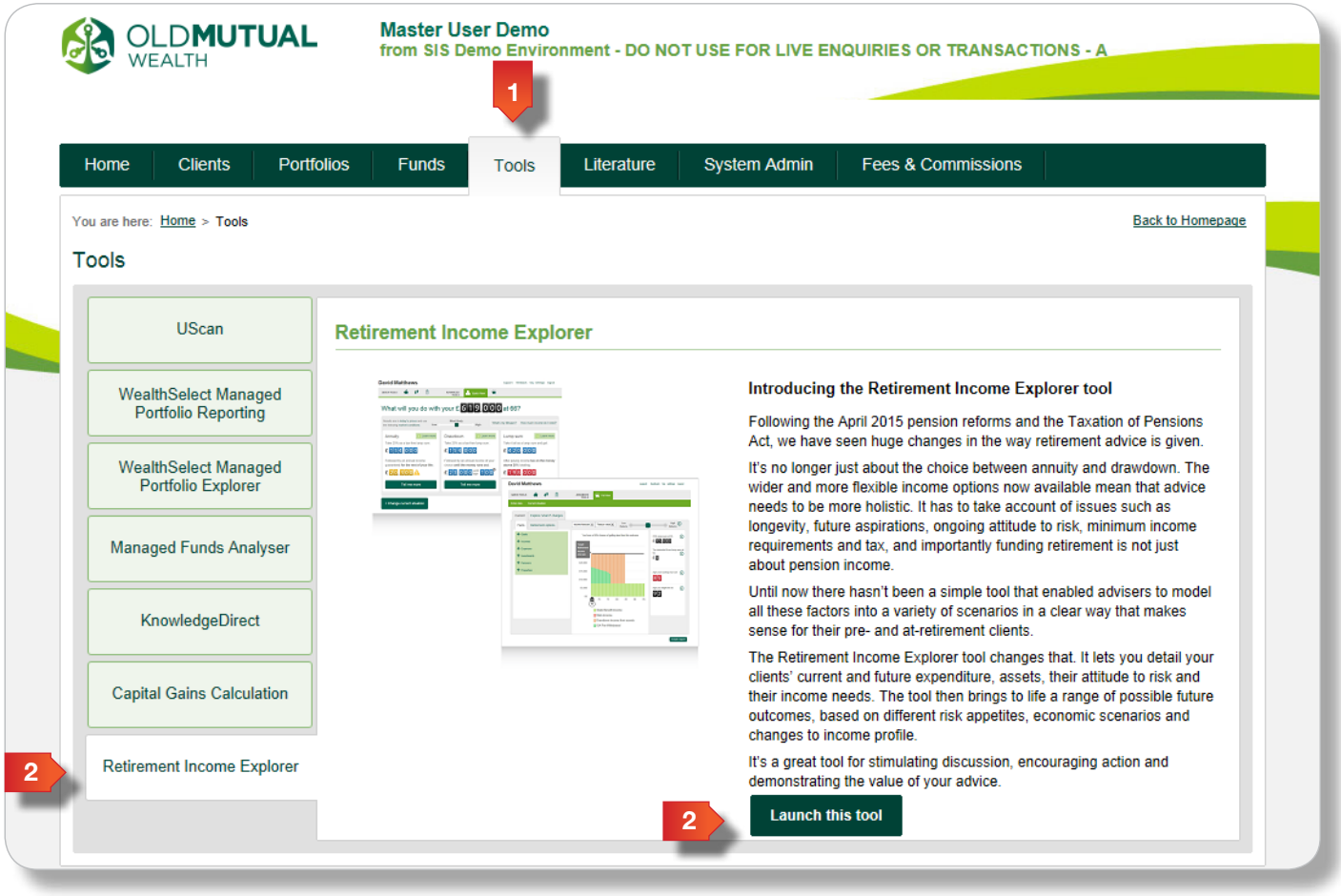
A specific plan for the client's options for taking income from pensions and other investments can also be configured, such as whether or not to take a Pension Commencement Lump Sum at outset, or to use a blend of annuity and drawdown, for example. 'What if' scenarios can be entered to show how changing any element of the retirement plan could improve the client's future lifestyle.

The Full View option is explained in detail in this guide. For a briefer version, please read the separate user guide Retirement Income Explorer – Full View Getting Started.

Please also read the Due Diligence document and the Questions and Answers section on our adviser website for more information about the Retirement Income Explorer tool.

HOMEPAGE

1. After logging into Old Mutual Wealth, select the **'Tools'** tab.
2. Select the **'Retirement Income Explorer'** tool.
3. Select **'Launch this tool'**.


OLDMUTUAL WEALTH
Master User Demo
from SIS Demo Environment - DO NOT USE FOR LIVE ENQUIRIES OR TRANSACTIONS - A
1
Home
Clients
Portfolios
Funds
Tools
Literature
System Admin
Fees & Commissions
You are here: Home > Tools
Back to Homepage
Tools
UScan
WealthSelect Managed Portfolio Reporting
WealthSelect Managed Portfolio Explorer
Managed Funds Analyser
KnowledgeDirect
Capital Gains Calculation
Retirement Income Explorer
2
Retirement Income Explorer
Introducing the Retirement Income Explorer tool
Following the April 2015 pension reforms and the Taxation of Pensions Act, we have seen huge changes in the way retirement advice is given.
It's no longer just about the choice between annuity and drawdown. The wider and more flexible income options now available mean that advice needs to be more holistic. It has to take account of issues such as longevity, future aspirations, ongoing attitude to risk, minimum income requirements and tax, and importantly funding retirement is not just about pension income.
Until now there hasn't been a simple tool that enabled advisers to model all these factors into a variety of scenarios in a clear way that makes sense for their pre- and at-retirement clients.
The Retirement Income Explorer tool changes that. It lets you detail your clients' current and future expenditure, assets, their attitude to risk and their income needs. The tool then brings to life a range of possible future outcomes, based on different risk appetites, economic scenarios and changes to income profile.
It's a great tool for stimulating discussion, encouraging action and demonstrating the value of your advice.
2
Launch this tool

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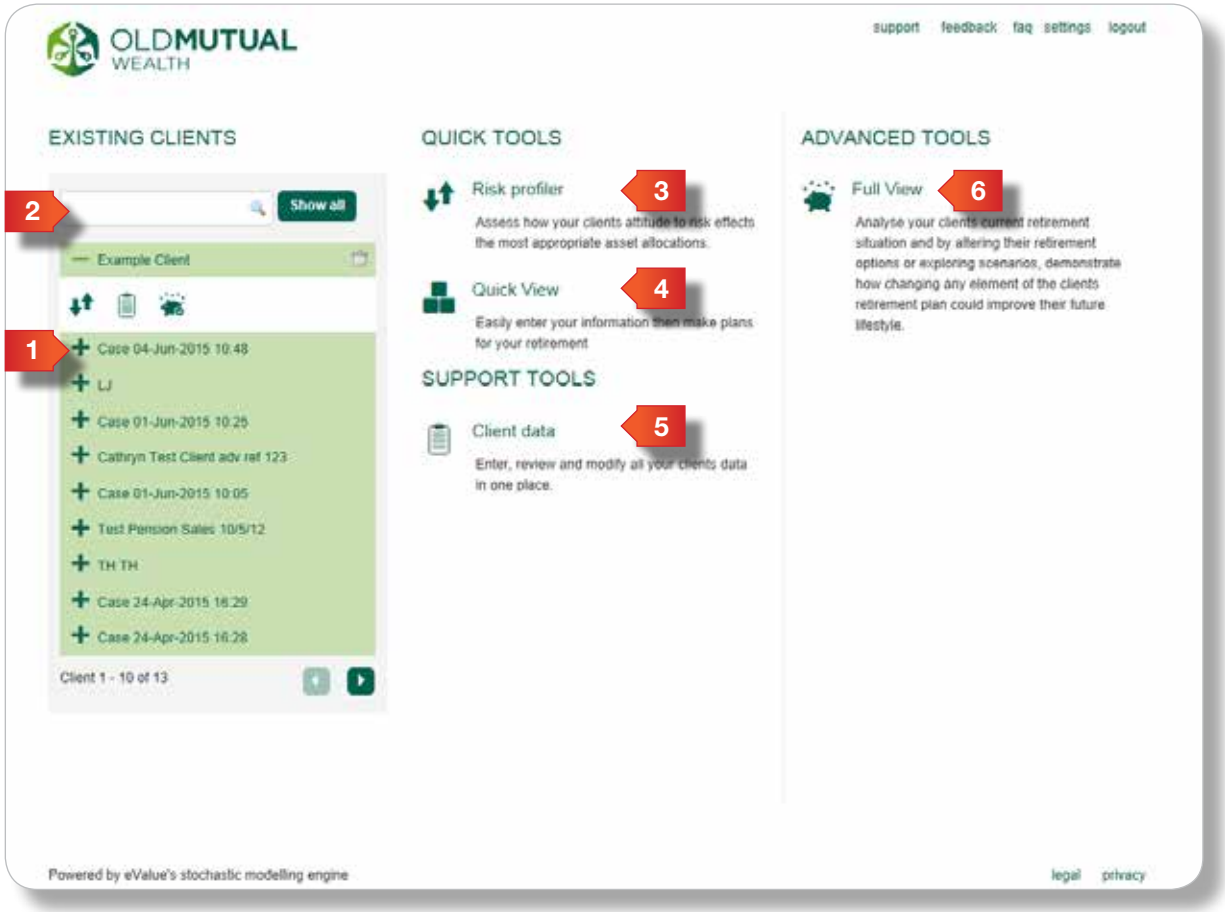
LANDING PAGE

You will come to the landing page of the Retirement Income Explorer tool. This page of the guide explains what the options are.

1. Existing clients you have run reports on previously are listed. Select their name to run reports on their details.
2. Or search for their name to view their record.
3. **'Risk Profiler'** allows you to assess the client's attitude to risk.
4. **'Quick View'** allows you to enter a few basic details about your client to project what their fund value and potential gross income would be should they take out an annuity, drawdown or lump sum at retirement.
5. Use **'Client data'** to enter your clients details and return to review or modify them at any time. You can also enter client details after entering Quick View or Full View instead of using this option.
6. **'Full View'** is an advanced planning tool which shows how the client's available assets and incomes can meet a net-of-tax income or goal throughout the whole of their later life, and explores how changing the retirement options or different scenarios after retirement can affect what they may receive. **Select this option** and proceed to the next page of the guide.


OLDMUTUAL WEALTH
support feedback faq settings logout
EXISTING CLIENTS
Show all
Example Client
Case 04-Jun-2015 10:48
LJ
Case 01-Jun-2015 10:25
Cathryn Test Client adv ref 123
Case 01-Jun-2015 10:05
Test Pension Sales 10/5/12
TH TH
Case 24-Apr-2015 16:29
Case 24-Apr-2015 16:28
Client 1 - 10 of 13
QUICK TOOLS
Risk profiler
Assess how your clients attitude to risk effects the most appropriate asset allocations.
Quick View
Easily enter your information then make plans for your retirement
SUPPORT TOOLS
Client data
Enter, review and modify all your clients data in one place.
ADVANCED TOOLS
Full View
Analyse your clients current retirement situation and by altering their retirement options or exploring scenarios, demonstrate how changing any element of the clients retirement plan could improve their future lifestyle.
1
2
3
4
5
6
Powered by eValue's stochastic modelling engine
legal privacy

Notes:

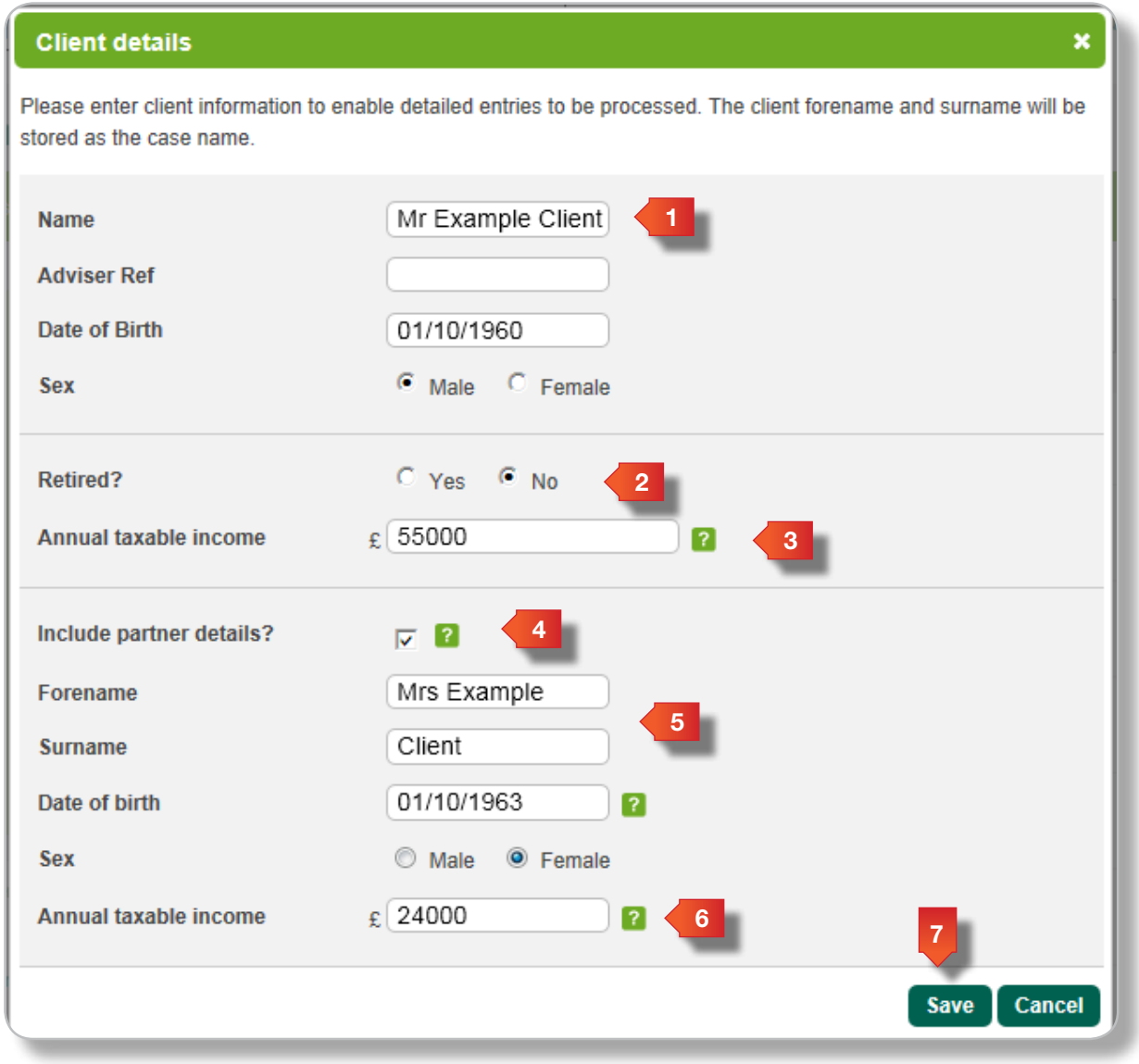
- The Risk Profiler option is further explained in our user guide 'Retirement Income Explorer – Risk Profiler'.
- The Quick View option is explained in the user guide 'Retirement Income Explorer – Quick View'.
- There is a shorter version of this guide available: 'Retirement Income Explorer Full View Getting Started' guide.

CLIENT DETAILS

1. Enter the personal details for the client, including any reference you may have for them.
2. Confirm if they are already retired or not – if they are, enter the amount of pension or other income that they are receiving.
3. Enter their annual taxable income if they are not retired.
4. You can run a joint forecast by ticking the box to include partner details.
5. Enter the partner's personal information.
6. If the first client is not retired, enter the annual taxable income for their partner. If the first client is retired, you will be asked to enter details of their partner's pension income instead.
7. Select **'Save'**.

Note:

- If the client is self-employed, enter their net relevant earnings in the annual taxable income field.



FACTS

You will be taken to the retirement income forecast. Since very few facts have been entered so far, more information needs to be entered to create a meaningful forecast.

1. Select the **'Facts'** tab.
2. Select one of the categories below to enter details for it.

Goals – enter details of required income at retirement, or a one-off objective or goal. For example, to fund a specific purchase or additional income required over a period of time. **See pages 7-8** of this guide.

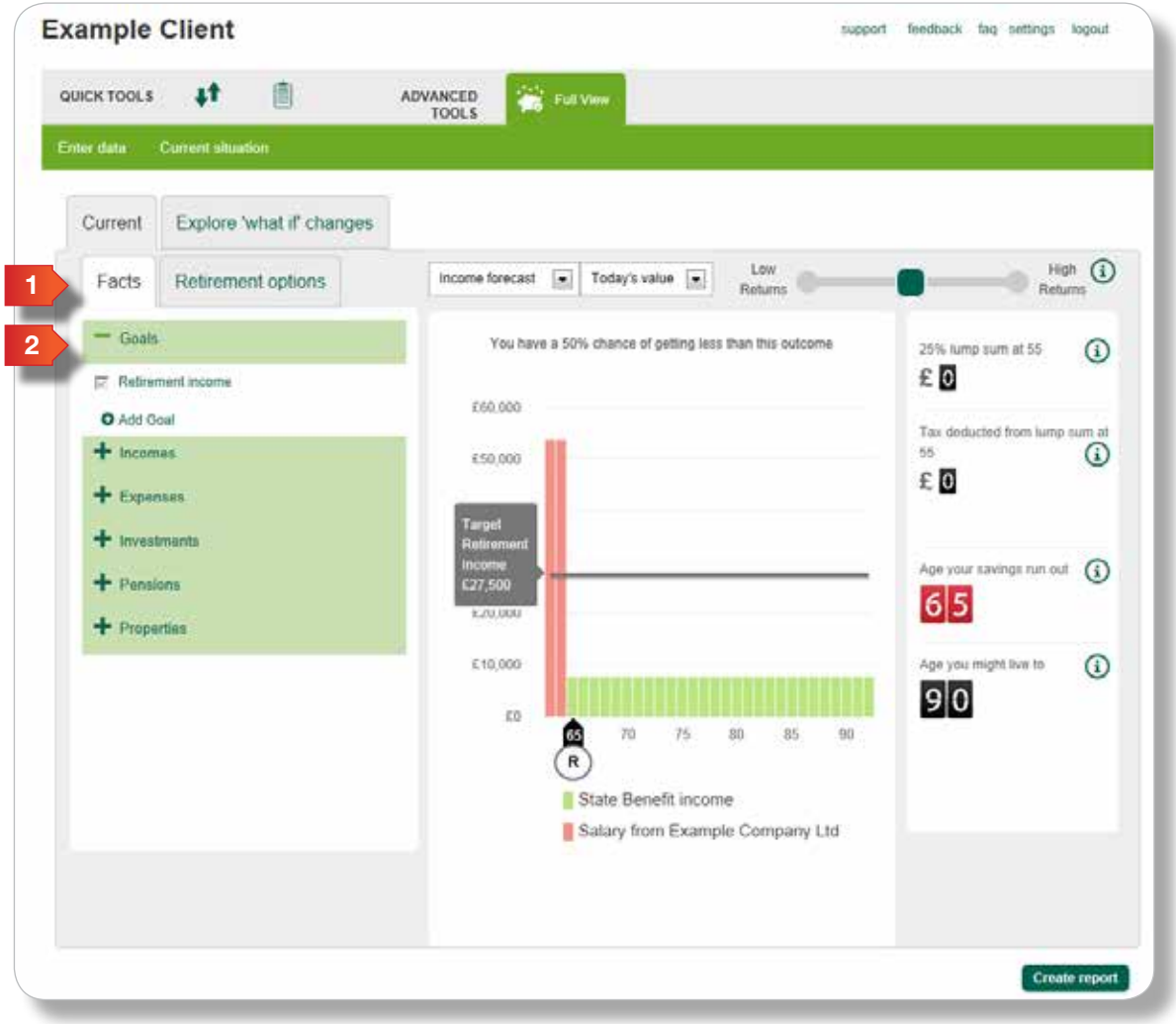
Incomes – Shows current annual taxable income and forecast for State pension income. Further income from rent or consultancy work for example can be added. **See pages 9-10**

Expenses – Enter the post-retirement expenditure for living costs and luxuries. These figures can be used to target an income. **See page 11**

Investments – Enter details of existing savings or investments. **See pages 12-14**

Pensions – Enter details of the client's pension savings. **See pages 15-17**

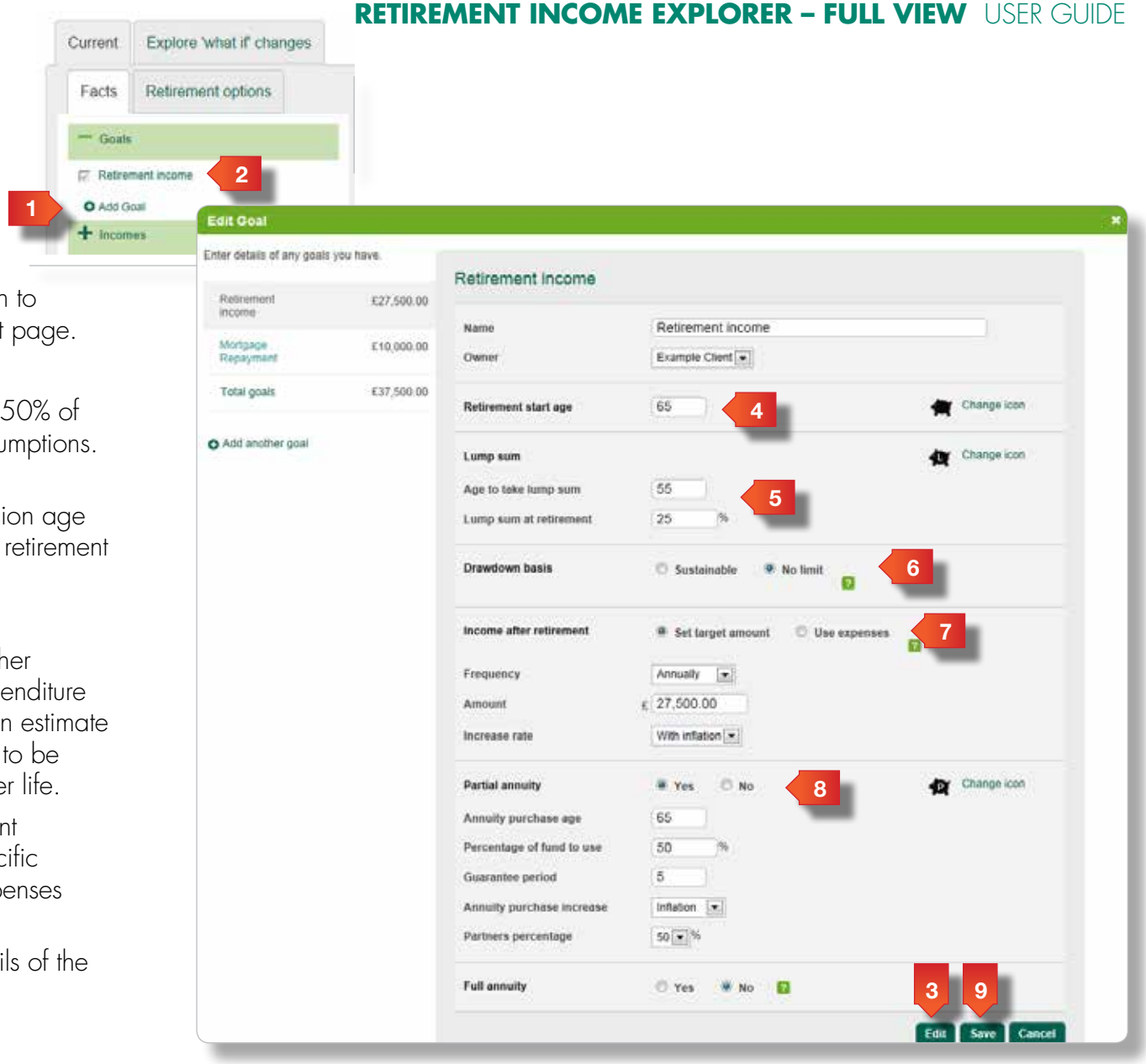
Properties – Enter details of rental income and capital value of their properties, or other assets such as fine art. **See pages 18-19**.



GOALS

Enter details of required income at retirement, or a one-off objective or goal. For example, to fund a specific purchase or additional income required over a period of time.

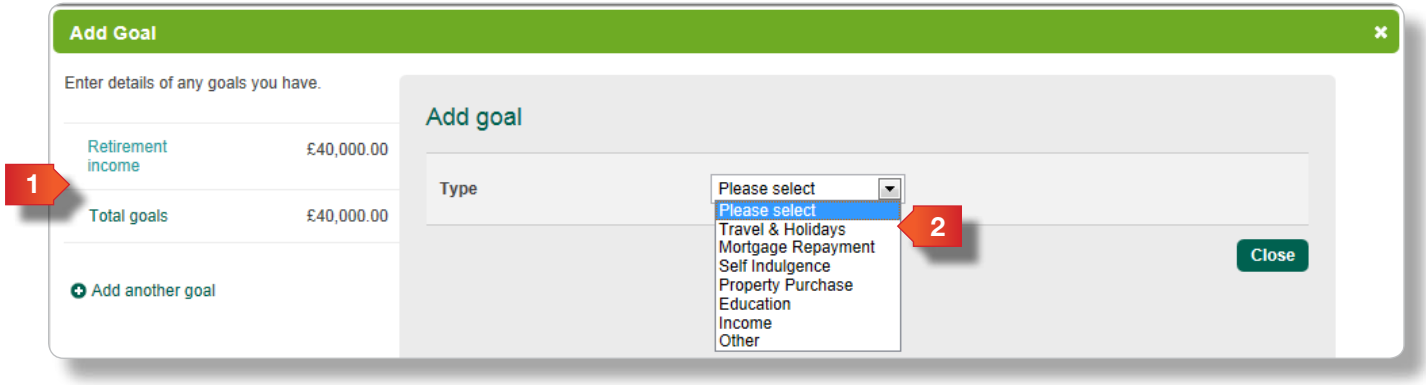
1. Select **'Add Goal'** to add a required income in addition to the retirement income. This step is explained on the next page.
2. Select **'Retirement Income'**.
3. The post-retirement income has been populated with of 50% of the current annual salary entered, and other default assumptions. Select **'Edit'** to amend them.
4. Retirement start age is pre-populated with the state pension age for the client. This can be amended here, or later in the retirement forecast.
5. Amend the lump sum details to be taken if required.
6. Select the basis for the drawdown from the pension. Either withdraw an unlimited amount per year to meet the expenditure needed, or withdraw a sustainable amount based on an estimate calculated each year of the amount that could continue to be drawn from the pension fund over the whole of their later life.
7. Choose to target a set amount for income after retirement and enter details below, or **'Use expenses'** to meet specific expenditure in retirement (you can enter these in the Expenses section of the Facts tab).
8. Select a partial or full annuity if required and enter details of the basis (specific annuity costs cannot be included).
9. Select **'Save'** when finished.

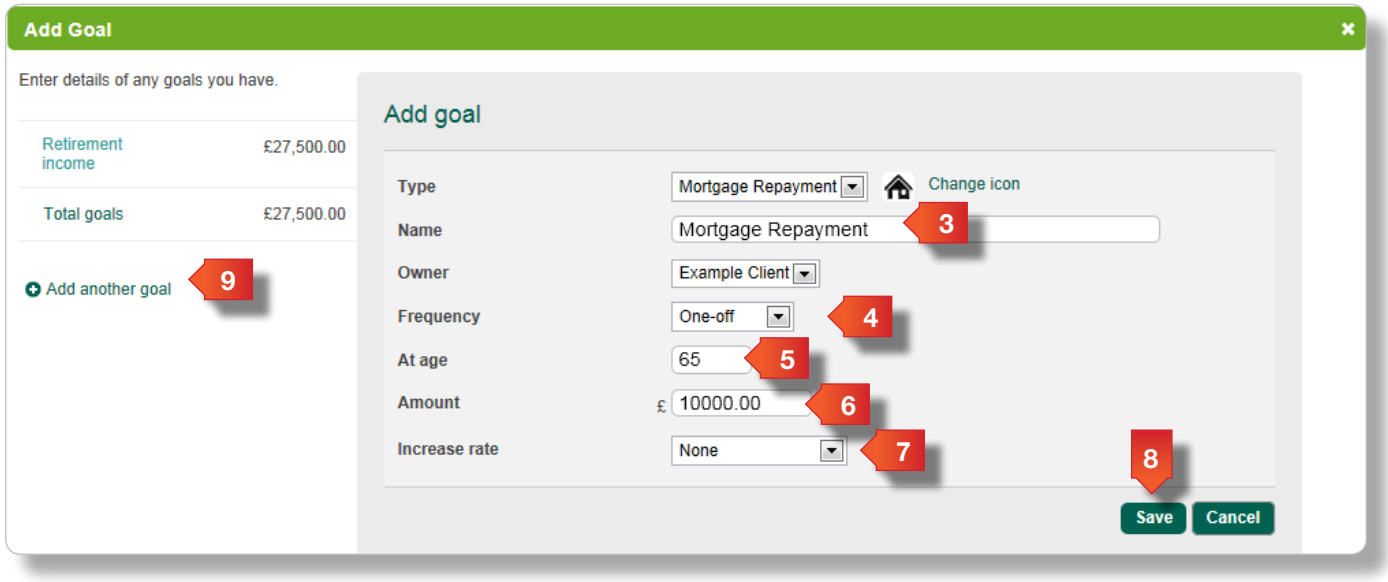


ADD GOAL

1. The retirement income and other goals are summarised on the left of the page.
2. Choose the type of goal from the dropdown list.
3. Enter a specific name for the goal if required.
4. Choose a frequency for the goal.
5. Enter an age to start taking income for this goal; and if it is not one-off, the age it should finish.
6. Enter the amount.
7. Choose an increase rate (none, with inflation, or with wage inflation).
8. Select **'Save'** when finished.
9. Select **'Add another goal'** to enter details of another goal the client wishes to achieve.

To return to the forecast, or to enter more facts about the client's income, expenditure and goals, close the overlay that appears after saving which summarises all of the goals you have entered. (This is shown on page 20 of this guide).

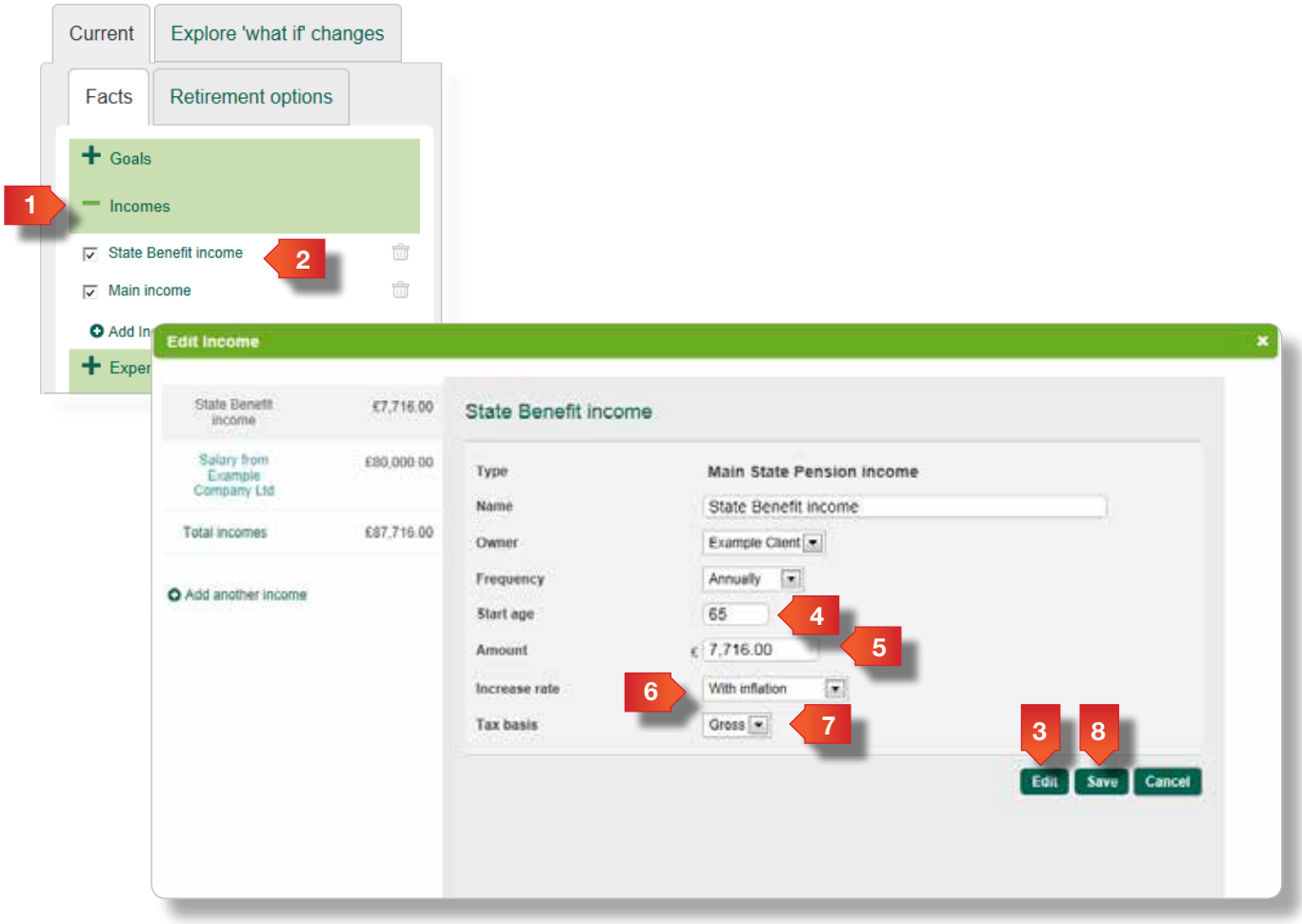




INCOMES (STATE BENEFIT INCOME)

1. In the **'Facts'** tab, select the 'Incomes' section.
2. State Benefit income shows the current annual rate of state pension, to be taken from their State Pension Age. Select it to review the details, or un-tick the box next to it to remove it from the forecast.
3. Select **'Edit'** to make changes.
4. The State Pension Age of the client is shown as the **'Start age'**. You can amend this if the client is deferring their State Pension.
5. If the client is over 55 and has received a State Pension statement with a different amount to be paid as income, you can update the current State Pension amount assumed with this figure.
6. Choose an increase rate (no increase, with inflation, with wage inflation, or by a fixed percentage).
7. Choose whether this amount is gross or net of tax.
8. Select **'Save'**.

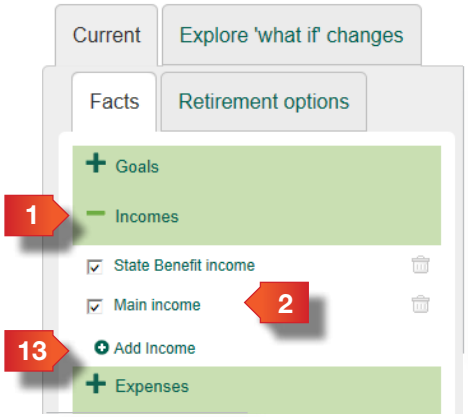
To return to the forecast, or to enter more facts about the client's income, expenditure and goals, close the overlay that appears after saving, which summarises all of the income you have entered. (This is shown on page 20 of this guide).

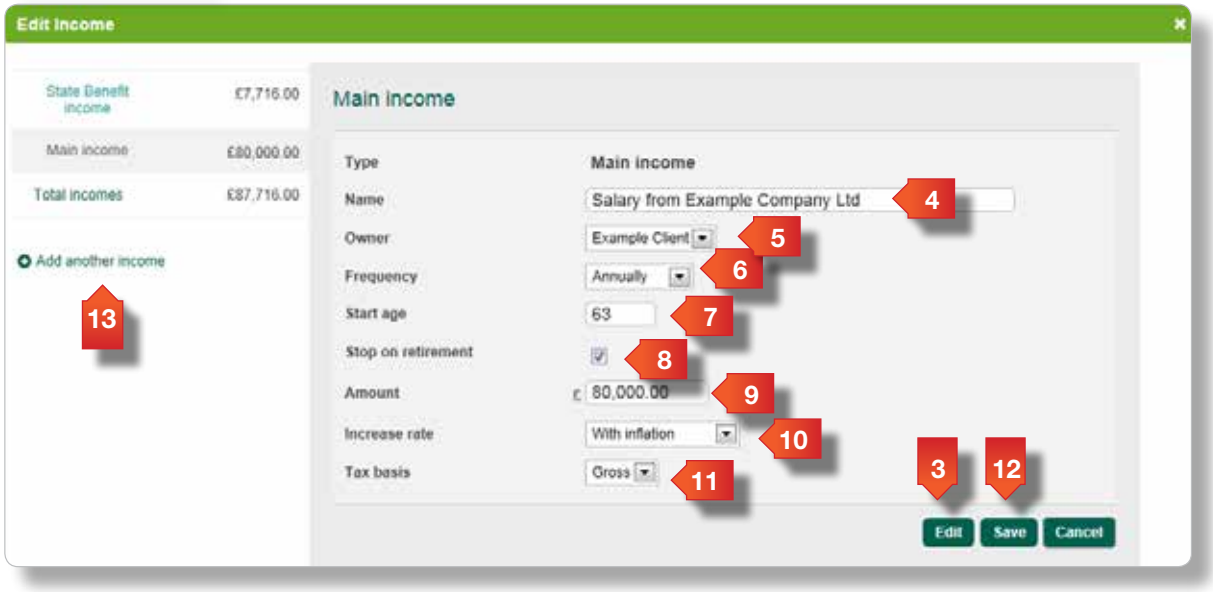


INCOMES (MAIN INCOME)

1. In the **'Facts'** tab, select the **'Incomes'** section.
2. Main income shows the gross annual salary entered previously. Select it to view or edit details.
3. Select **'Edit'** to make changes.
4. Enter a specific name for the income if required.
5. If you are running a joint forecast, choose which client this income relates to.
6. Select the frequency that the income is received.
7. Select the start age for the income (this will default to the client's current age).
8. The income is assumed to stop on retirement. If not, un-tick the box and enter the age it is due to stop.
9. Amend the amount if necessary.
10. Choose an increase rate (none, with inflation or with wage inflation).
11. Select whether the income is gross or net.
12. Select **'Save'**.

To return to the forecast, or to enter more facts about the client's income, expenditure and goals, close the overlay that appears after saving, which summarises all of the income you have entered. (This is shown on page 20 of this guide).





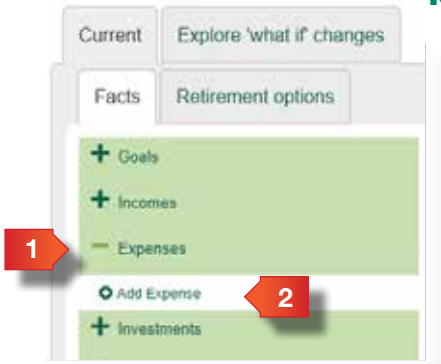
TIP:
Any further income the client is receiving, from rental income or consultancy work for example, can be entered by selecting the **'Add income'** options **(please see marker '13'.)**

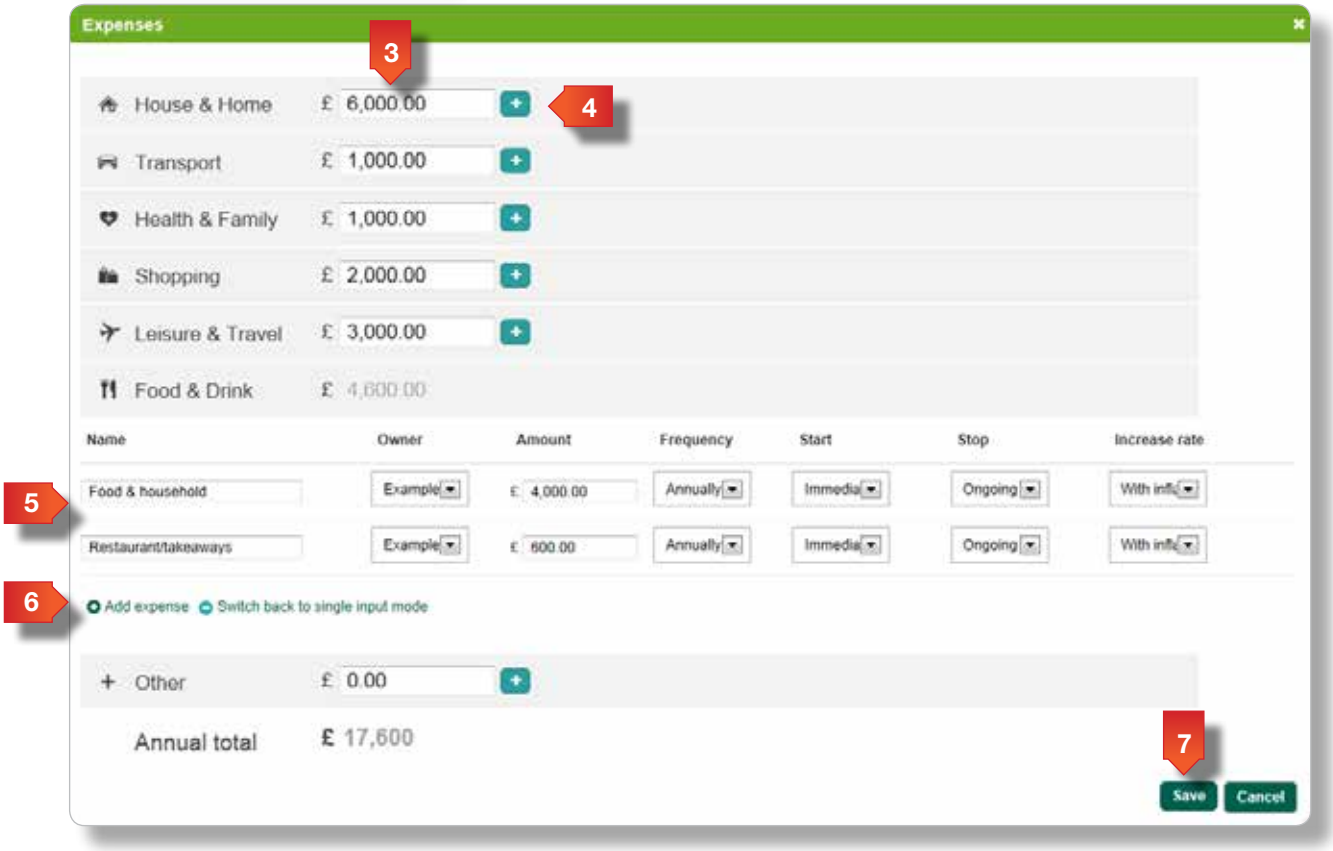
EXPENSES

1. In the **'Facts'** tab, select the **'Expenses'** section.
2. Select **'Add Expense'**.
3. Enter an amount for the annual expenditure in each category.
4. Or Select the **'+'** symbol next to the category to enter more specific information.
5. The category is broken down into sub-categories. Their titles can be edited. Enter details of the amount of expenditure in each, the frequency, start and stop ages and increase rate.
6. Select **'Add expense'** to add another sub-category if required.
7. Select **'Save'** when finished.

To return to the forecast, or to enter more facts about the client's income, expenditure and goals, close the overlay that appears after saving, which summarises all of the expenses you have entered. (This is shown on page 20 of this guide).

Tip:
If you and your client are unsure of what their expenses will be in retirement, the Income target builder option shows you the average spending amounts for retired couples across the UK, using data from the Office of National Statistics, which you can select to use as a starting point.
Please see pages 21-22 for details.





INVESTMENTS

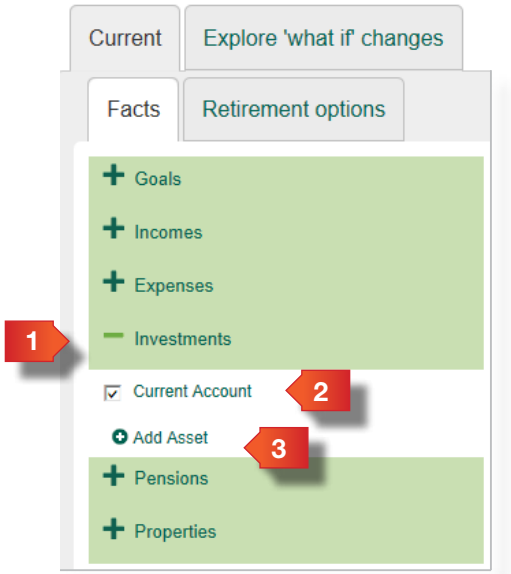
1. In the **'Facts'** tab, select the **'Investments'** section.
2. Current Account is automatically added, since the tool assumes disposable income is saved within it each year.
3. Select **'Add Asset'**.
4. Choose **'Investment'**.

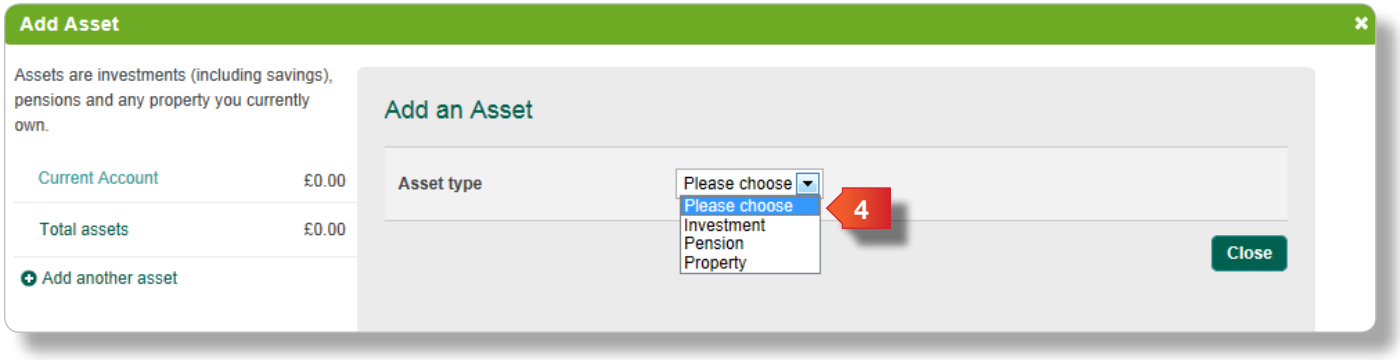
Pensions and property can be entered either into the Investments section, or into their own sections on the Facts tab. You only need to enter them once.

Those options are demonstrated on the following pages of this guide:

Pension – page 15-17

Property – page 18-19





INVESTMENTS – ADD INVESTMENT

1. Select a product type from the drop-down list.
2. Enter a product name. If you are running a joint forecast it is helpful to include the name of the owner of the product.
3. Select the owner of this product if you are running a joint case.

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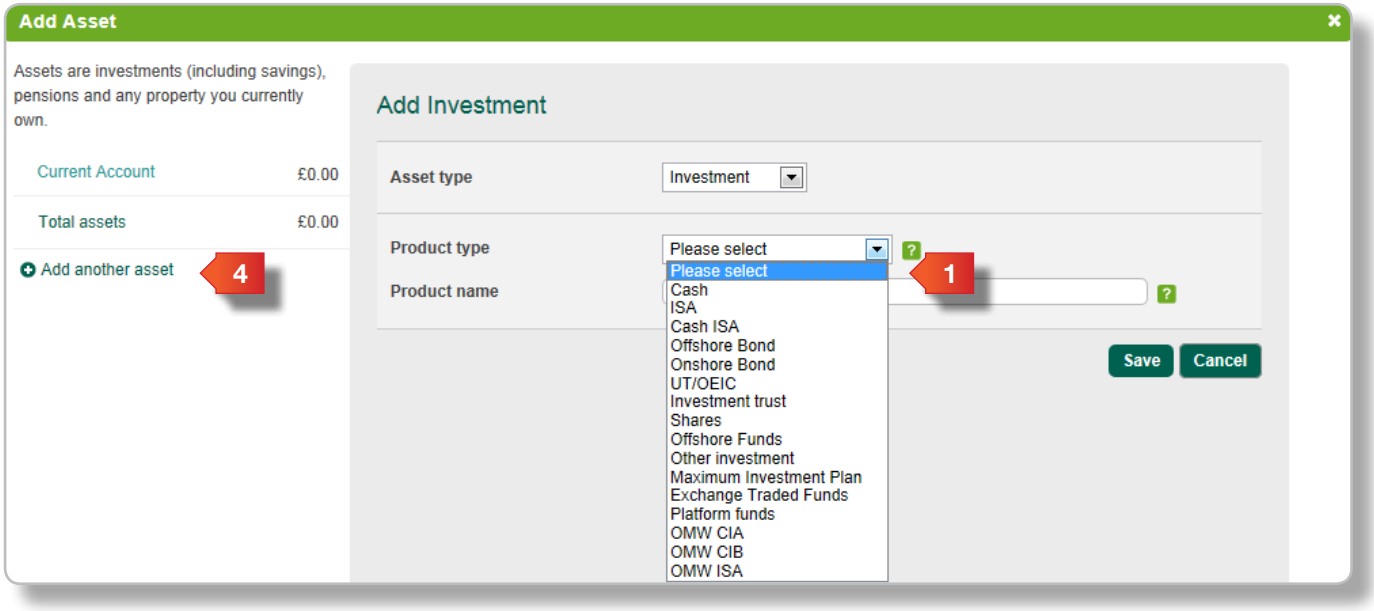
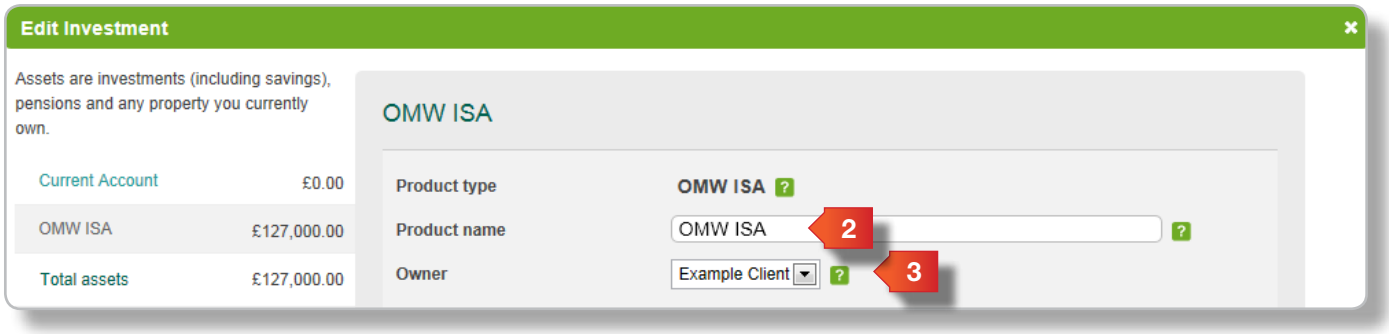


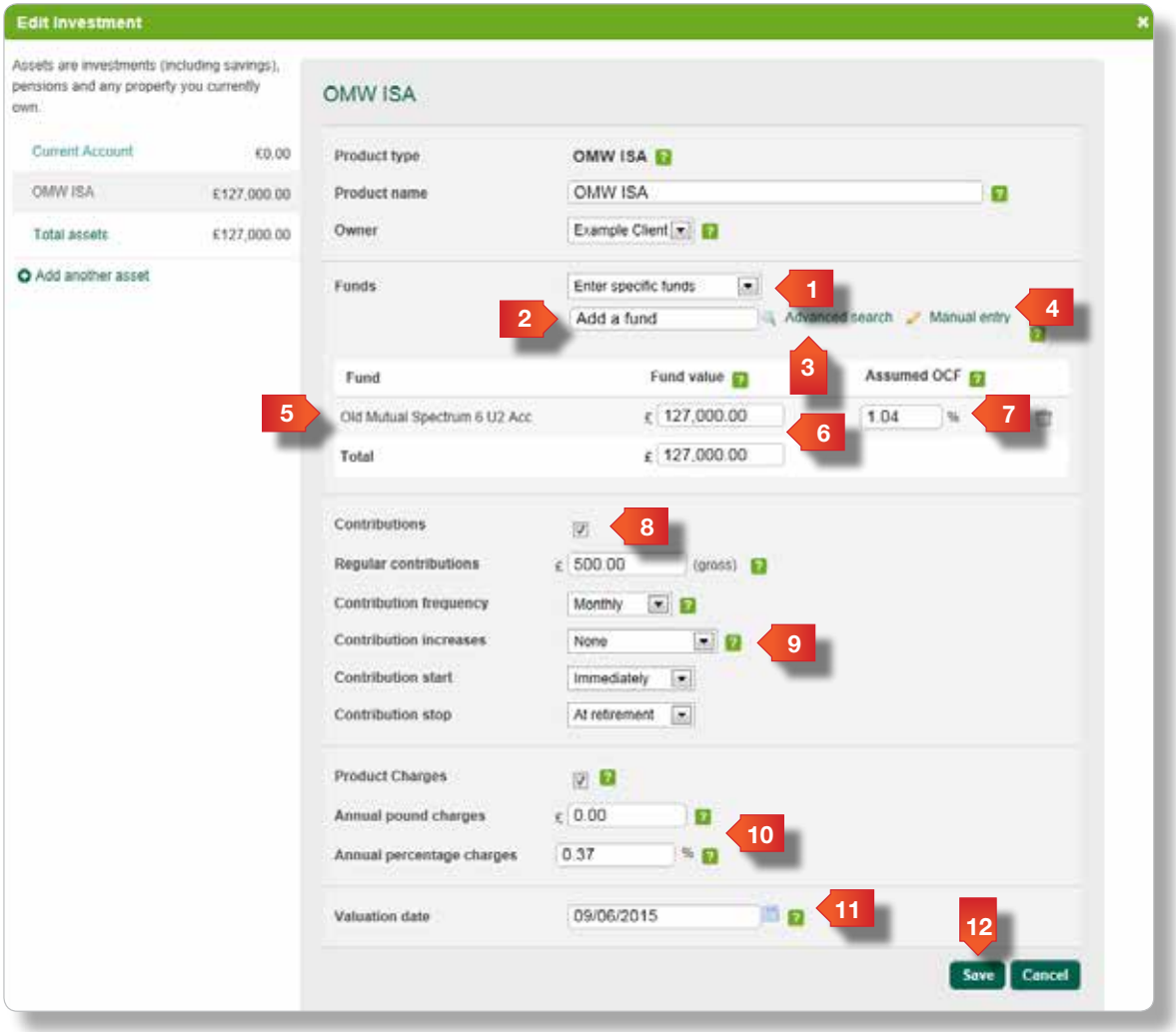


TIP:
If you have more than one investment to add, use the **'Add another asset'** link to enter the additional details after you have saved the first investment. **(See marker '4')**

INVESTMENTS – ADD INVESTMENT (CONT.)

1. Choose to enter specific funds, or select a risk-based profile (based on the Old Mutual Wealth risk profiles, Risk 1 to Risk 10).
2. Search for the name of the fund; matching results will appear as you type.
3. Or use 'Advanced search' to find funds using specific criteria, such as fund manager or sector.
4. If you cannot find the fund, use **'Manual entry'** to type in the name of the fund and the percentages invested in the various asset classes.
5. The funds you choose will be added below.
6. Enter the value invested in that fund.
7. The ongoing cost of fund (OCF) of the fund is pre-populated using data from Financial Express. You can amend it if necessary.
8. If your client is making contributions to this account, tick the box.
9. Enter the amount of the contribution, frequency, increase basis and start and stop times.
10. Enter the product charge, either as a monetary or percentage amount. This figure should include ongoing adviser fees being taken, but not include the fund OCF.
11. The current date is shown for the valuation date as a default – amend this if necessary.
12. Select **'Save'**.

If you do not have any property or pension details to enter, please turn to page 20 of this user guide.



Note: For applicable Investment types, you can include regular withdrawals being made from the investment, including their frequency and start/stop dates. This withdrawals will be included as income received in the forecast.

PENSIONS

1. In the **'Facts'** tab, select the **'Pensions'** section.
2. Select **'Add Asset'**.
3. Choose **'Pension'** from the drop-down list.
4. Select the product type from the list.

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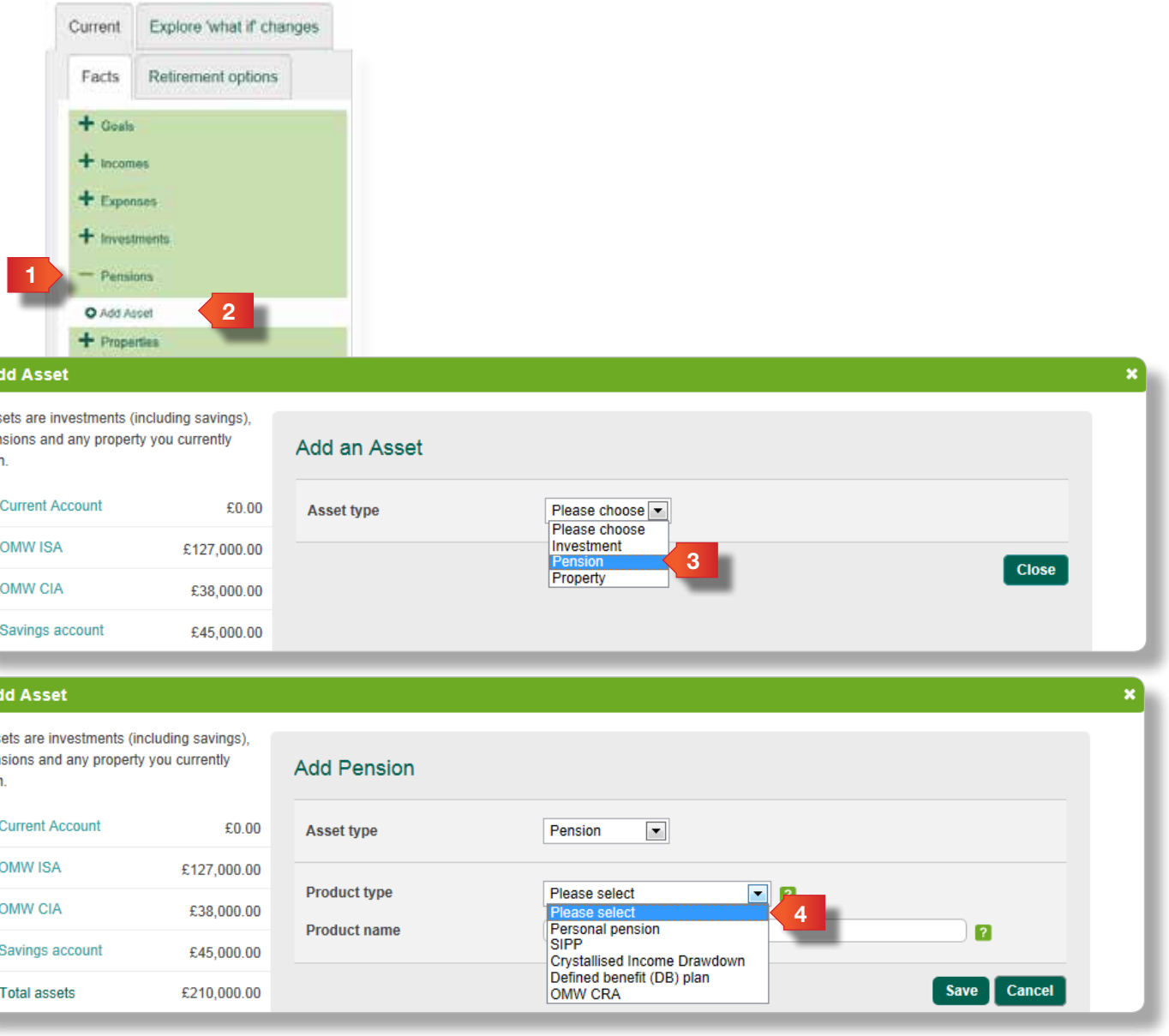

Notes:

- Personal Pensions and SIPPs are assumed to be uncrystallised.
- Income Drawdown is assumed to be crystallised.
- If the client is a member of an employer's defined contribution pension scheme, enter its details under the **'Personal pension'** option.

PENSIONS – ADD PENSION

1. Enter a product name. If you are running a joint forecast it is helpful to include the name of the owner of the product.
2. Select the owner if you're doing a joint forecast.
3. If you have a projection of future benefits from the provider, tick the box and enter the details. The tool will then calculate the ongoing charges for the account.
4. The option to create a drawdown arrangement at retirement age is automatically selected.
5. Choose to enter specific funds, or select a risk-based profile (these are comparable to the Old Mutual Wealth risk profiles, Risk 1 to Risk 10).
6. Search for the name of the fund; matching results will appear as you type.
7. Or use **'Advanced search'** to find funds using specific criteria, such as fund manager or sector.
8. If you cannot find the fund, use **'Manual entry'** to type in the name of the fund and the percentages invested in the various asset classes.
9. The funds you choose will be added below. This may take a few seconds.
10. Enter the value invested in that fund.
11. The OCF of the fund is pre-populated using data from Financial Express. You can amend it if necessary.

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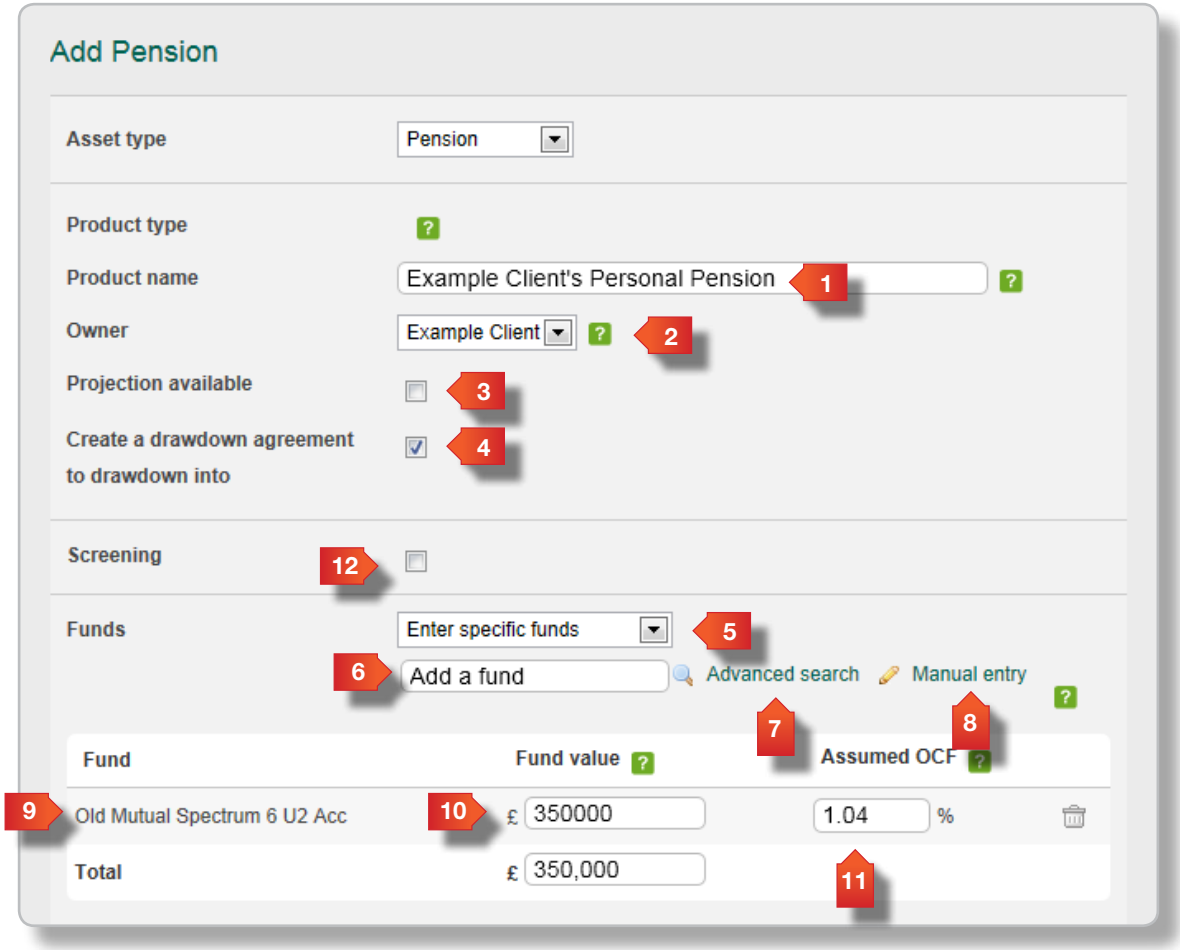

Note: When selected, the **'Screening'** option (**see marker '12'**) asks a series of questions to help identify whether or not the client should consider transferring their pension to another provider. This feature does not affect the forecast.

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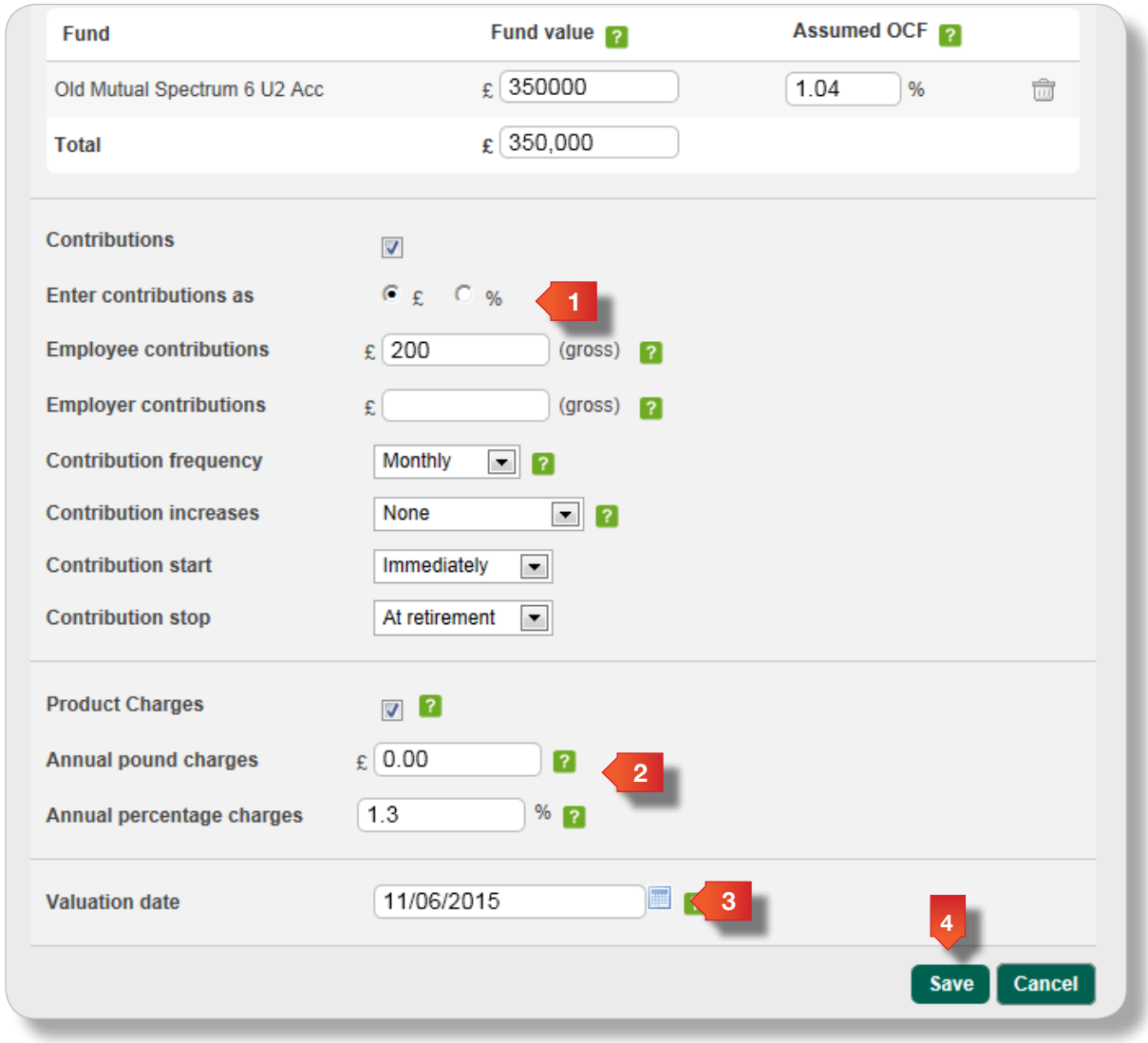
PENSIONS – ADD PENSION (CONT.)

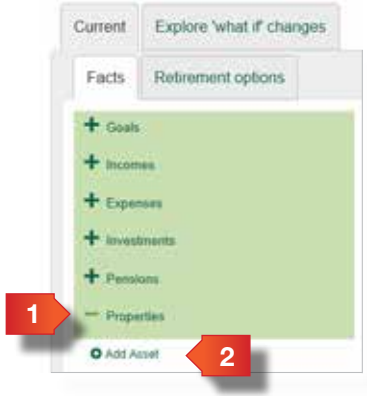
1. Tick the **'Contributions'** box if payments are being made into the pension, and enter details of the gross amount, frequency, increase basis and start/stop dates.
2. Enter the product charge as either a monetary or percentage figure. This should include any adviser fees being facilitated, but not fund charges.
3. Enter the valuation date for the fund values. This defaults to today's date.
4. Select **'Save'**.

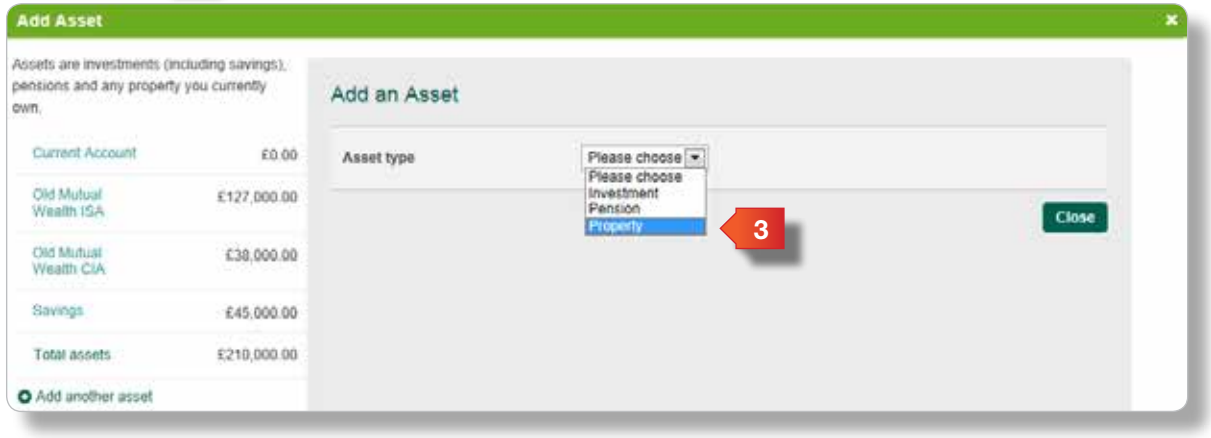
If you do not have any property details to enter, please turn to page 20.



PROPERTIES

1. In the **'Facts'** tab, select the **'Properties'** section.
2. Select **'Add Asset'**.
3. Select **'Property'** from the drop-down list.



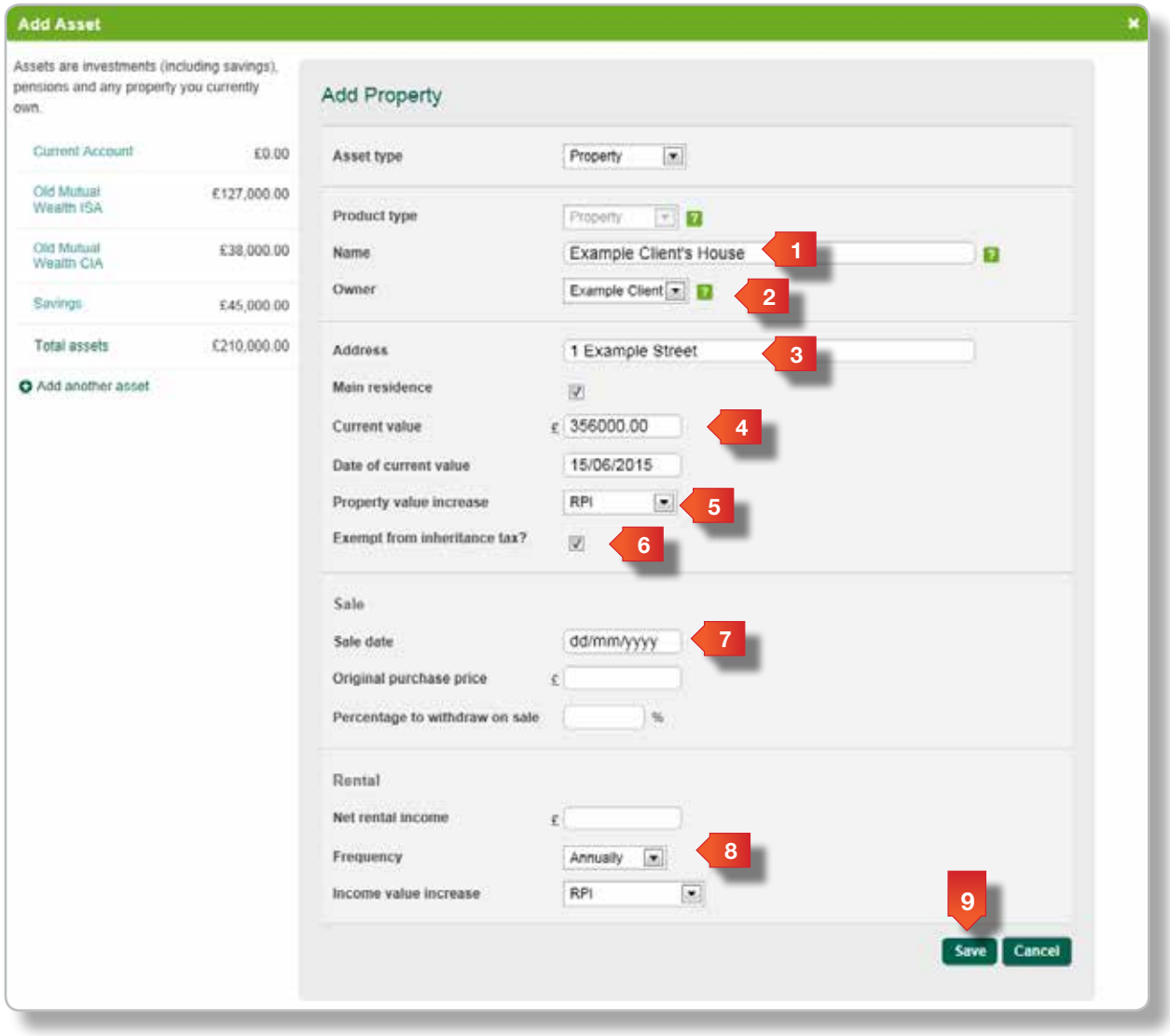


PROPERTIES – ADD PROPERTY

1. Enter the name of the property. This will appear on the forecast.
2. If you are running a joint forecast, select the client that this property belongs to.
3. Enter the address and tick the box if this property is their main residence (and therefore tax-exempt on sale).
4. Enter the current value and date.
5. Choose an escalation basis.
6. Tick the box if the property is exempt from Inheritance Tax.
7. If the property is being sold, enter the sale date, original purchase price and percentage to draw on sale.
8. If the property is being rented out, enter the rental income received after agency charges, the frequency and increase basis.
9. Select **'Save'**.

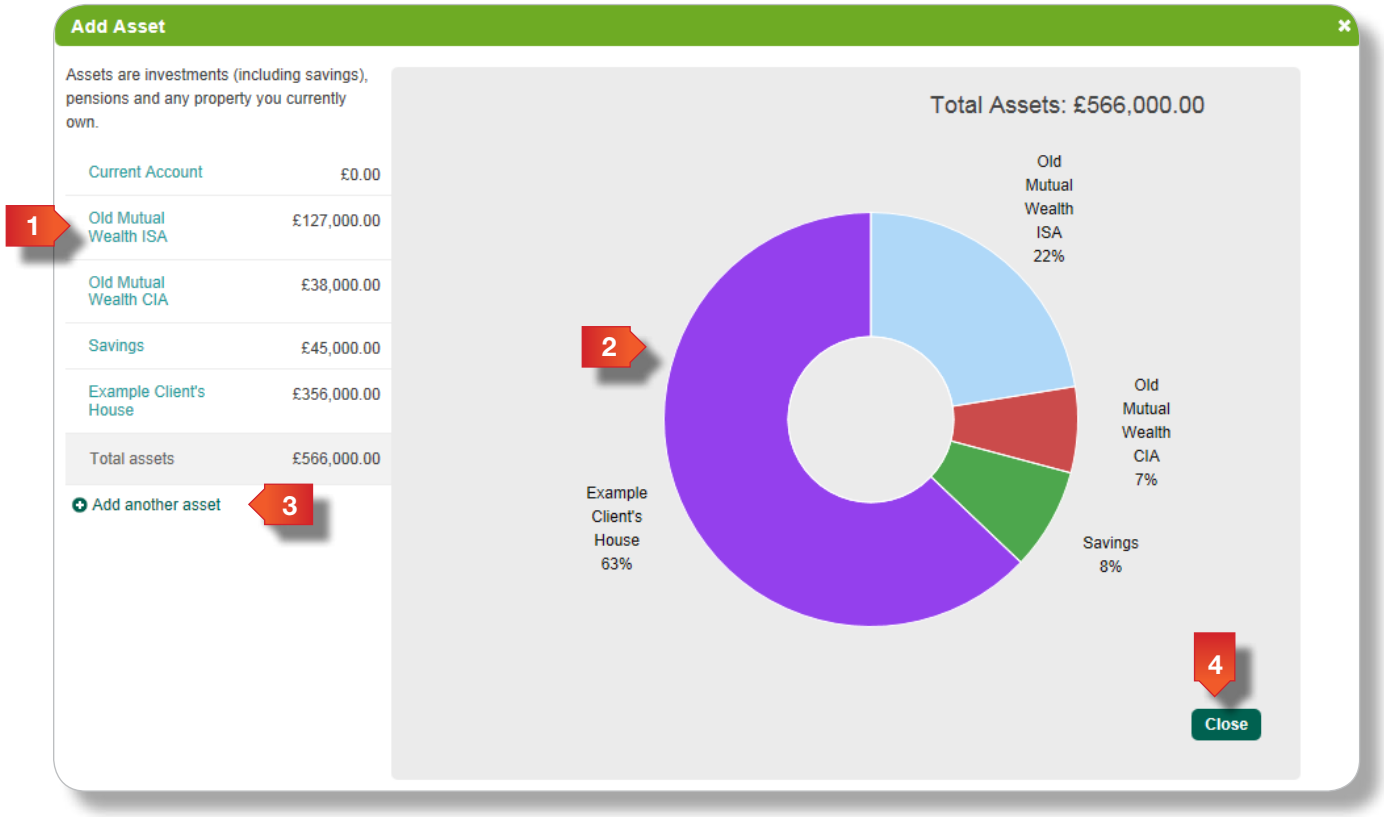
Notes:

- Property is assumed to be residential. The capital value of the property is not available to fund income until sold.
- Net rental income is assumed to be net of agency charges and the amount entered will be taxed as income.
- Net rental income will be included in the forecast as a fixed income until the property is sold.
- The Properties option can also be used to capture other non-investment based property and assets that may be available for sale, such as art collections, fine wines and classic cars.



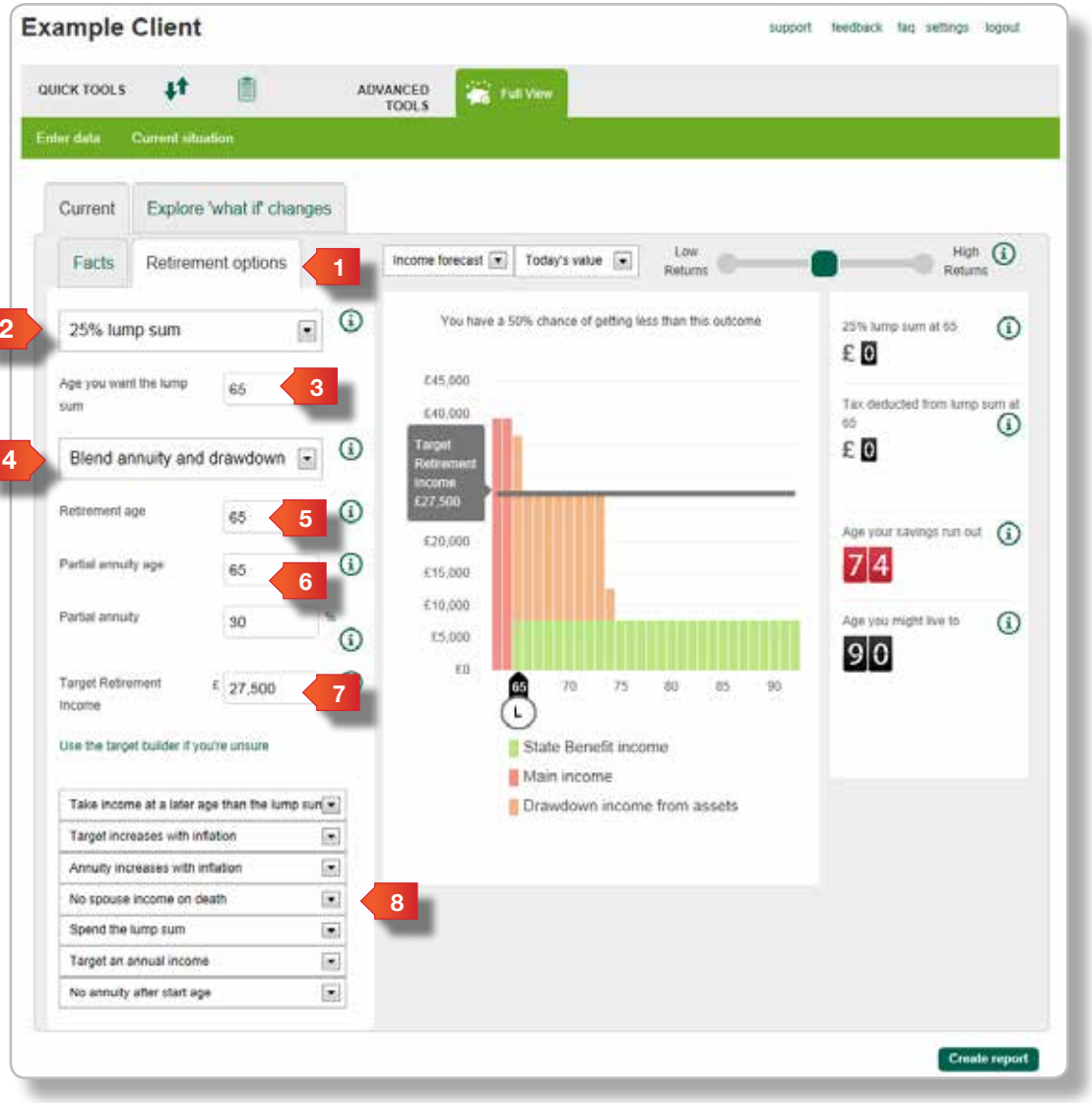
SUMMARY OF SAVED ASSETS

1. The assets that you have saved are summarised.
2. A graph showing each asset as a percentage of the client's total assets is shown.
3. If you need to add to this, select the **'Add another asset'** option.
4. Select **'Close'** to go to the Full View forecast.



RETIREMENT OPTIONS

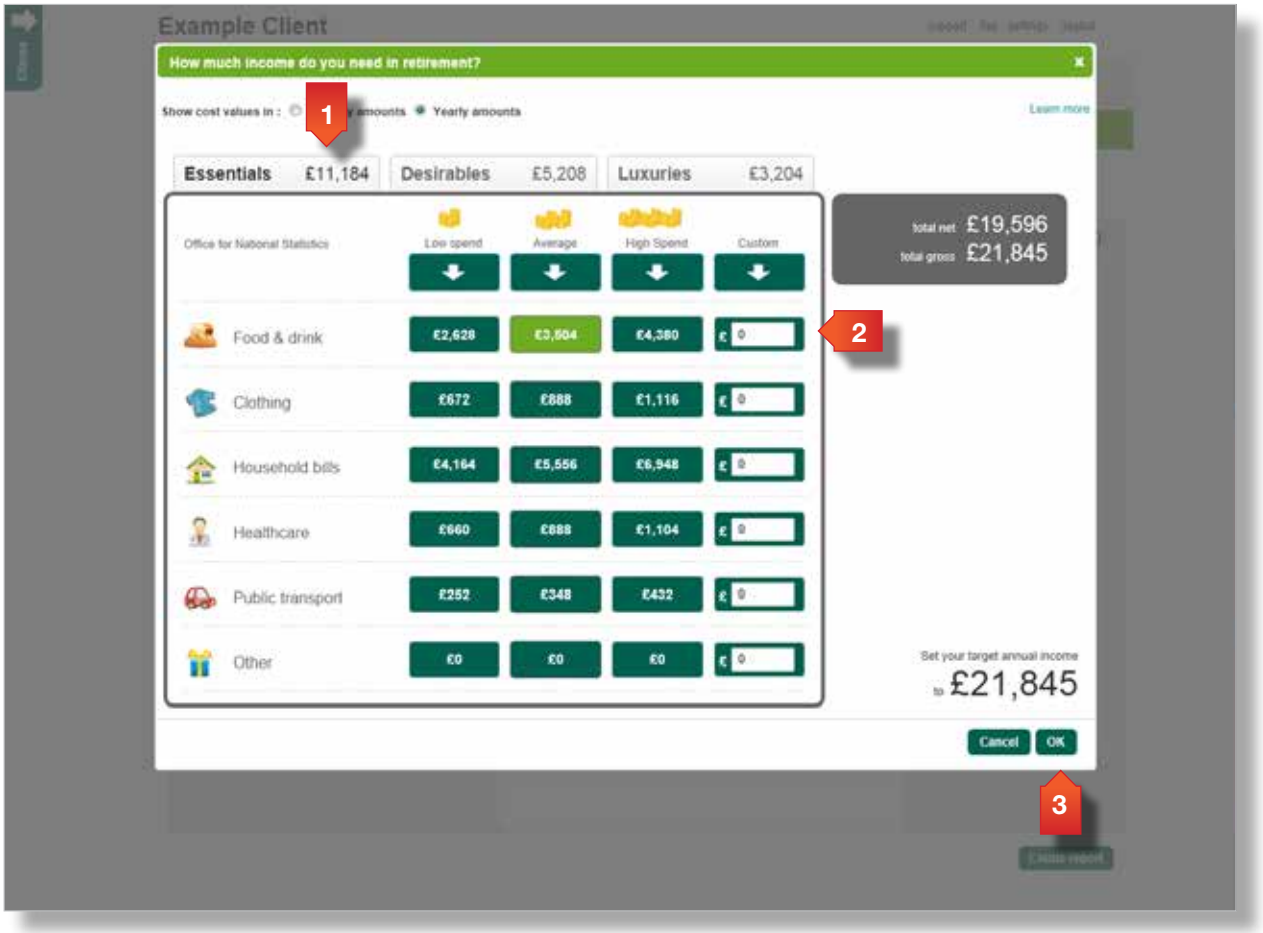
1. Select the **'Retirement options'** tab.
2. Choose lump sum option (either no lump sum, 25%, specific amount or the full pension fund).
3. Enter the age the lump sum is to be taken.
4. If less than 100% of the pension pot is being taken as a lump sum, choose either an annuity, income drawdown or a blend of the two.
5. The retirement age defaults to the State Pension Age. Edit this in the box, or use the slider on the graph. This will not affect the State Benefit income on the graph, since it is assumed to be taken from State Pension Age.
6. If a blend of annuity and income drawdown is being taken, enter the age and percentage of the pension fund that is to be taken as annuity.
7. The target retirement income field defaults to 50% of the client's current gross annual income, if you haven't entered an annual income in the Goals section of the Facts tab. You can enter a different figure, or **'Use the target builder if you're unsure'** option to open the Income target builder (this is described on page 22).
8. There are different assumptions you can choose from to be incorporated into the forecast. Use the drop-down lists to view and select the options.



INCOME TARGET BUILDER

The target builder allows you to choose either estimated or custom amounts for your client's annual expenditure on essentials, desirables and luxuries in retirement, to calculate the income required to fund their lifestyle.

1. Select the type of expenditure using the tabs at the top of the screen.
2. Choose **'Low'**, **'Average'**, or **'High'** spend; or alternatively select 'Custom' and enter the values for each option.
3. Click **'OK'** to use this income target for the retirement options. You will return to the income forecast and the graph will update automatically.



Notes:

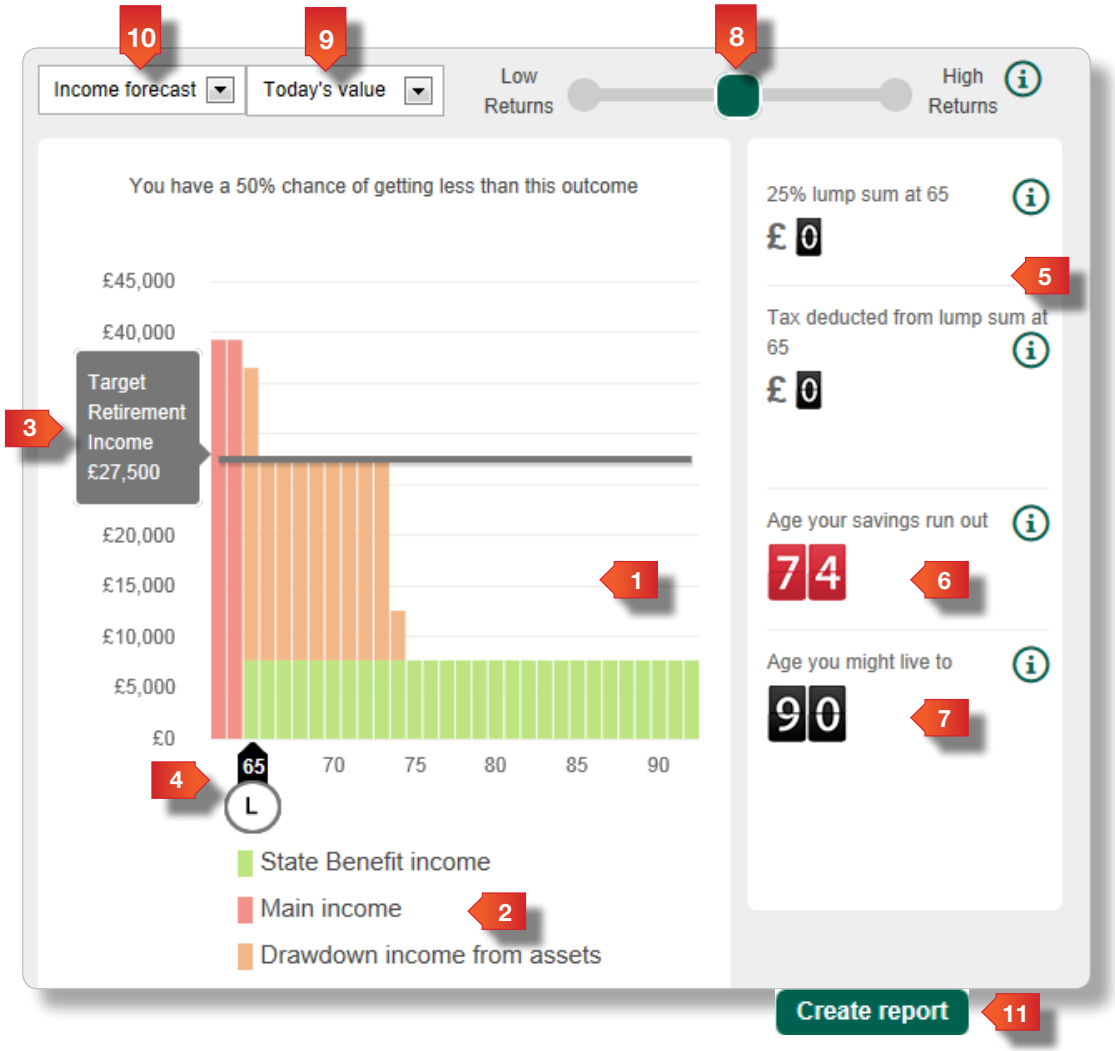
- The low, average and high spend figures are from data published by the Office for National Statistics (ONS), and reflect what UK households of two retired people are currently spending.
- When this is used for the target annual income, it is grossed up to an equivalent annual income that is required, based on current tax rates.
- If you want to enter more precise figures for expenditure; individual figures for household bills for example, you can enter these into the 'Expenses' section on the Facts tab (see page 11 of this guide).

OLDMUTUAL WEALTH

INCOME FORECAST

This is a closer view of the income forecast.

1. The graph shows the estimated income the client will receive in retirement each year, based on the information you have entered.
2. The components that make up the annual income are colour-coded. A key is below the graph.
3. The gross target retirement income can be increased or reduced using the slider. The impact of this will be automatically reflected in the forecast.
4. The retirement age and annuity age can also be changed using the slider.
5. The lump sum amount and tax deducted are confirmed in monetary amounts.
6. The age that savings run out is based on the information entered. If this age is shown in red or amber, the fund is due to run out before their estimated life expectancy.
7. Age you might live to shows the estimate of life expectancy for the client, using data from the CMI (Continuous Mortality Investigation committee). This is based on their age and gender.
8. You can select a range of possible outcomes based on good or poor future market conditions, predicted by stochastic modelling. The default is 'Most likely' (the 50th percentile). Use the slider to change them and the forecast will update.
9. Choose to show the forecast in **'Today's values'** (including future inflation) or 'Future values' (monetary amounts not including inflation).
10. Select **'Savings forecast'** to change the graph and view how the client's savings will increase or decrease each year.
11. Select **'Create Report'** to generate a Word document which you can copy and paste from, and brand with your company logo. This is shown on page 25 of this guide.

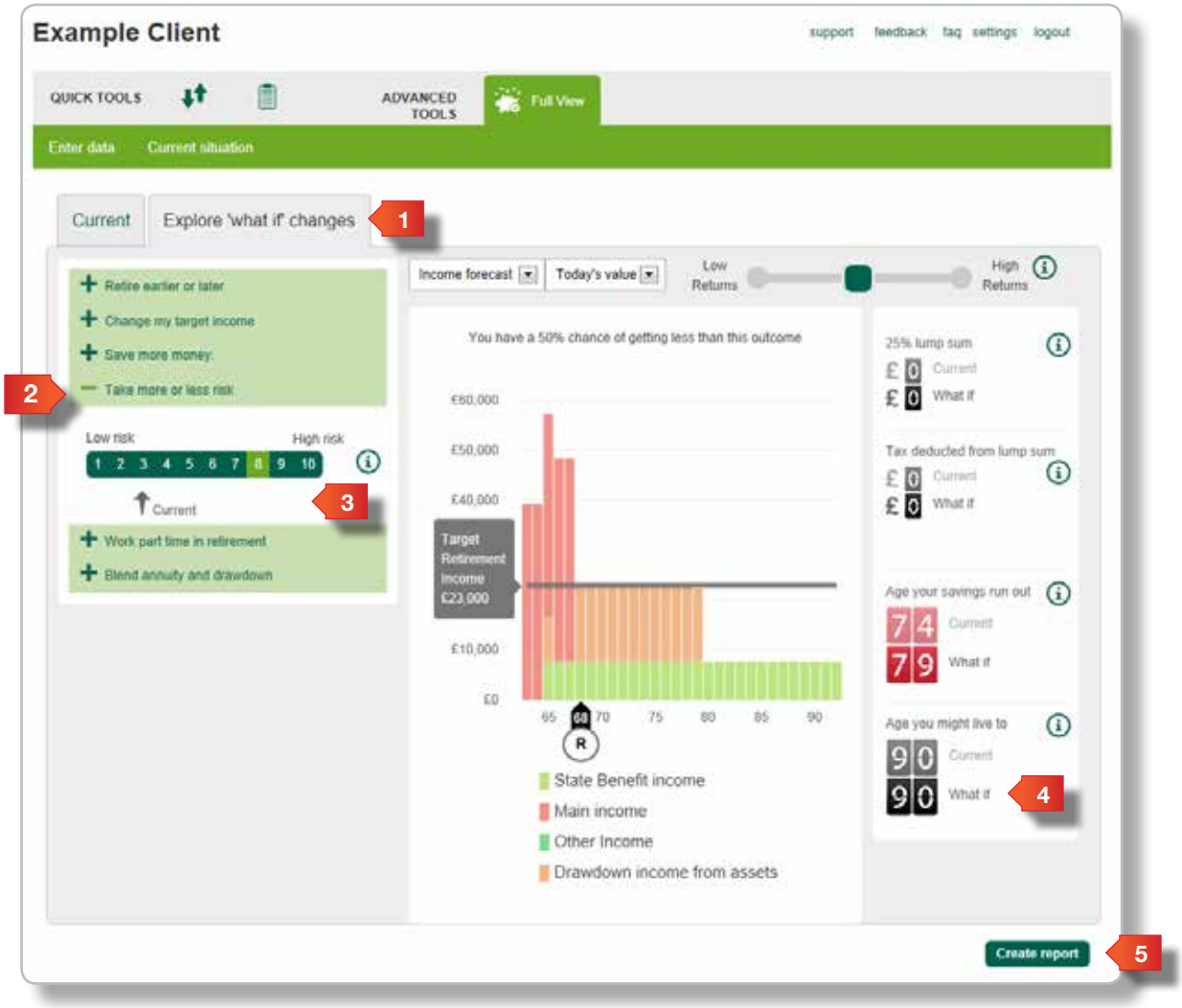


Note: The assumptions used are explained in more detail in the Q&As section of our adviser site www.oldmutualwealth.co.uk/riet

'WHAT IF' CHANGES

The 'What if' feature allows you to forecast the client's income or savings based on theoretical situations, and explore how different options could improve their future income.

1. Select the **'Explore 'what if' changes'** tab.
2. Select a category to expand it.
3. Choose a different option or increase/decrease from the current selection. The graph will automatically update.
4. The figures to the left of the page will show the current forecast and the 'What if' forecast.
5. Select **'Create report'** to export these details into a Word document. You will need to save this report to your own files to retain an audit trail.

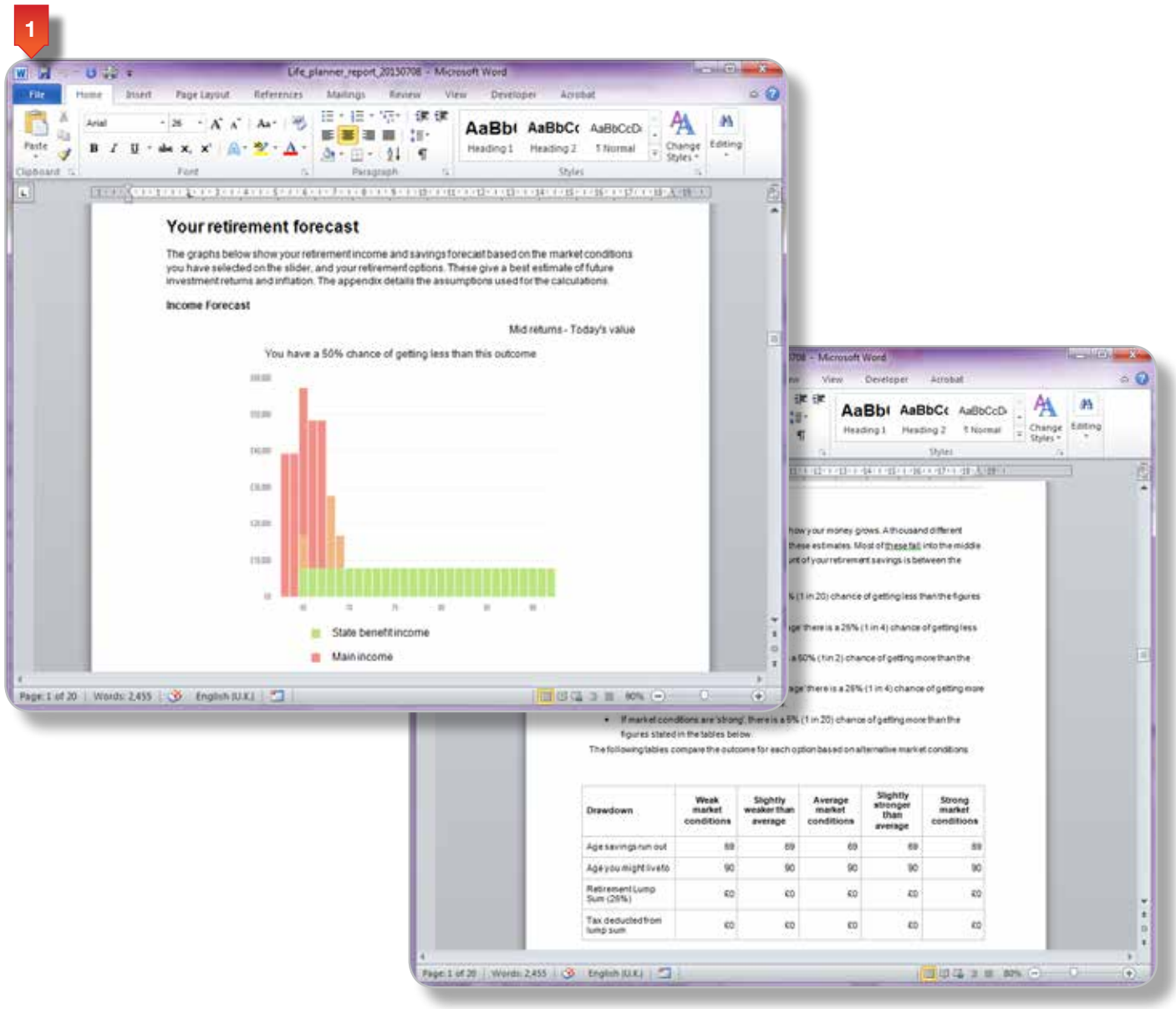


OLDMUTUAL WEALTH

REPORT

The client report will open as a Word document, and you can copy and paste the contents into your own report, or brand this one with your company logo.

1. To print or save the report, use the buttons at the top of the Word document, or the 'File' menu.


1
Your retirement forecast
The graphs below show your retirement income and savings forecast based on the market conditions you have selected on the slider, and your retirement options. These give a best estimate of future investment returns and inflation. The appendix details the assumptions used for the calculations.
Income Forecast
Mid returns - Today's value
You have a 50% chance of getting less than this outcome
State benefit income
Main income

IMPORTANT NOTES:

This report will not be saved on the Retirement Income Explorer tool, or in the client's record on the platform. You will need to save it to your own computer or files for audit trail purposes.

If you are copying and pasting the information into your own report, please ensure you include the 'Important Information' section and 'Assumptions and Limitations', since your client must read this information with the forecast. You should be aware that this is your document and you are responsible for it meeting your compliance requirements. You will still need to produce a KFD and KFI for any product which is recommended and/ or reviewed.

OLDMUTUAL WEALTH

ASSUMPTIONS

How is the Annuity figure calculated?

You can choose to take no tax-free cash lump sum at outset, 25%, or a specific amount. The remainder of the pension fund is used to buy an annuity with the following assumptions.

- Guaranteed to be paid for the first five years
- 50% is payable to a surviving partner on death
- Increases in line with RPI.

The income received is added to the assumed state pension (if the age that benefits are illustrated is at or after retirement).

The annuity amount is based on standard mortality rates published by the Institute and Faculty of Actuaries (IFoA).

The income shown is gross.

The cost of annuities is estimated based on bond yields. It is not currently possible to enter specific annuity costs.

There is an option to take no tax-free cash lump sum at outset, or a specific amount. The tool also allows for the purchase of an annuity with part of the fund at retirement, blended with income drawdown, then purchase of an annuity with all of the remaining fund at a later date.

How is the Drawdown figure calculated?

You can choose to take no tax-free cash lump sum at outset, 25%, or a specific amount. If no lump sum is specified, phased crystallisation is assumed to be used from uncrystallised funds into a flexi-access drawdown product to generate a period of tax-free income, and then taxed income is taken from the flexi-access drawdown fund.

Any tax-free cash lump sum you specify will be obtained by crystallising all of the pension fund into a flexi-access drawdown arrangement. This is then assumed to remain invested and projected onwards from the retirement age, and to provide drawdown income from the pension fund to meet the target income amount, if there is a shortfall after the annual State Pension has been paid. This will continue until the fund runs out, and the age that this is expected to happen is shown.

The amount to be drawn out each year is the amount needed to satisfy the gross income target; this will be taxed as income.

The investment strategy whilst the consumer is drawing money out of this flexi-drawdown fund is assumed to be the same as the investment strategy selected previously for the accumulation phase. This can be changed using the 'What If' scenarios, by taking more or less investment risk.

How is the Lump sum figure calculated?

The client is assumed to draw all of their pension fund in a single lump sum payment. 25% of the amount withdrawn will be tax free. The remainder is taxed as income.

You can specify whether the lump sum will be spent or reinvested to provide income in the future.

WHAT CHARGES/FEES ARE INCLUDED IN THE CALCULATIONS?

You can enter specific product charges and adviser fees when inputting the client's investments into the tool.

If you select funds, the OCF (and asset allocation) will be taken from data received from Financial Express. You can pick from the full UK fund universe, not only the reduced list of funds offered through Old Mutual Wealth's platform.

If you choose a risk-rated fund, you will need to enter the OCF for that fund. No assumptions are made.

For any new contribution, you can net down the amount entered to allow for any initial product provider / platform, fund or adviser charges.

How is 'Age you might live to' figure calculated?

The life expectancy age shown is the age that the client has 50% probability of living to, based on mortality tables. It is therefore the median, or 50th percentile, of the maximum potential age they are predicted to live to. Life expectancy is shown as a whole number, so if the median is a fraction of a number it will round up.

The life expectancy estimate is calculated using male and female mortality rates and it is quoted for when the client reaches 65. The rates assume general mortality levels, and so health, lifestyle or smoker status are not considered.

How are investment returns calculated?

The Retirement Income Explorer tool uses stochastic modelling; a method used to estimate the probability of outcomes using random variables, to predict what conditions may be like under different situations. It is most well known as the technique used in weather forecasting.

The tool uses this technique to forecast the performance of your client's investments and the likelihood of it sustaining them throughout their retirement. This is achieved by looking at their current asset allocation and utilising the eValue Economic Scenario Generator (ESG) model to forecast the likely returns achievable in the future. The tool runs 1,000 different simulations of future predicted economic conditions for each of the variables that are being modelled on an annual basis, and shows the central 90% of those outcomes that are either likely or quite reasonable to expect. It takes into account economic variables such as interest rates, real GDP, price inflation, equity dividend yields and growth rates, property yields and growth rates, currency strengths, and the future price of annuities at retirement age. It excludes circumstances that could never happen, such as negative interest rates.

All assets are treated consistently, and since inflation is part of the model, the forecasted real returns are both sensible and realistic. You can easily show a range of the possible outcomes based on good or poor future market conditions using a slider.

OTHER ASSUMPTIONS

The Annual Allowance and Lifetime Allowance are not factored into the calculations, therefore should these allowances be exceeded, the restriction of tax relief is not considered in the forecast. The standard tax-free annual personal allowance is assumed, currently £10,600 in the 2015/2016 tax year. The State Pension will be factored in to the nil-rate band before any other income.

The Retirement Income Explorer tool is compatible with the following internet browsers: Internet Explorer version 8 and above, Chrome, Firefox, Safari and Opera.

For more information about the tool, the following support documents are available:

- Questions and Answers www.oldmutualwealth.co.uk/riet
- Retirement Income Explorer Due Diligence document
- Retirement Income Explorer – Full View Getting Started user guide
- Retirement Income Explorer – Quick View user guide
- Retirement Income Explorer – Risk Profiler Getting Started user guide

If you require any further training or assistance with the tool, please contact your E-Business Specialist or Old Mutual Wealth consultant, or call our Customer Contact Centre on 0808 171 2626 or ask@omwealth.com.

www.oldmutualwealth.co.uk

Calls may be monitored and recorded for training purposes and to avoid misunderstandings.

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